Agenda
Minnetonka City Council
Regular Meeting, Monday, June 24, 2019
6:30 p.m.
Council Chambers

1. Call to Order
2. Pledge of Allegiance
3. Roll Call: Ellingson-Calvert-Schack-Carter-Happe-Bergstedt-Wiersum
4. Approval of Agenda
5. Approval of Minutes:
   A. May 20, 2019 regular council meeting
   B. June 3, 2019 regular council meeting
6. Special Matters:
   A. Recognition of Director of Public Works Director Brian Wagstrom upon his retirement
      Recommendation: Recognize Brian Wagstrom
   B. Recognition of Kari Spreeman as Minnesota’s “Communicator of the Year”
      Recommendation: Recognize the award
   C. Recognition of Minnetonka Memo/Senior Script and Fire Marketing Plan as Best in State
      Recommendation: Recognize the awards
   D. Review of the 2018 financial report with the City’s audit firm of BerganKDV.
      Recommendation: Informational only (No formal action required)
   E. Proclamation declaring July 2019 as Monarch and Pollinator Awareness Month
      Recommendation: Read the proclamation
7. Reports from City Manager & Council Members
8. Citizens Wishing to Discuss Matters Not on the Agenda

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For more information, please call 952.939.8200 or visit eminnetonka.com
9. Bids and Purchases: None

10. Consent Agenda - Items Requiring a Majority Vote:

A. Preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road

Recommendation: Adopt the resolution approving the preliminary and final plats (4 votes)

B. Labor agreement between the city of Minnetonka and Law Enforcement Labor Services (LELS) Local 442 representing police officers

Recommendation: Approve the agreement (4 votes)

11. Consent Agenda - Items Requiring Five Votes: None

12. Introduction of Ordinances:

A. Items concerning The Kinsel at Glen Lake at 14317 Excelsior Blvd:
   1) Rezoning from R-1, low-density residential, to PUD, planned unit development;
   2) Master development plan;
   3) Site and building plan review;
   4) Right-of-way vacation; and
   5) Preliminary and final plats.

Recommendation: Introduce the ordinance and refer it to the planning commission (4 votes)

13. Public Hearings:

A. On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for My Burger Operations, LLC., 10997 Red Circle Dr

Recommendation: Open the public hearing and continue to July 22, 2019 (4 votes)

14. Other Business:

A. Items concerning Walser Nissan at 15906 Wayzata Blvd:
   1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and
   2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.
Recommendation: Adopt the ordinance and resolution approving the proposal (5 votes)

B. Concept plan review for Newport Midwest at 10400, 10500 and 10550 Bren Road East

Recommendation: Discuss concept plan with the applicant. (No formal action required)

C. Items concerning OAKLAND ESTATES, a four-lot subdivision, at 1922 Oakland Road:

1) Resolution approving the final plat; and

2) Request to mass grade the site

Recommendation: Adopt the resolution approving the final plat and deny the request to mass grade the site. (4 votes)

15. Appointments and Reappointments: None

16. Adjournment
1. **Call to Order**

Mayor Brad Wiersum called the meeting to order at 6:30 p.m.

2. **Pledge of Allegiance**

All joined in the Pledge of Allegiance.

3. **Roll Call**

Council Members Mike Happe, Tim Bergstedt, Bob Ellingson, Deb Calvert, Rebecca Schack, Susan Carter and Brad Wiersum were present.

4. **Approval of Agenda**

City Manager Barone reported Item 13A had an addenda which included the Planning Commission minutes. She explained staff received a letter for Item 14B after the packet was distributed to the Council.

Calvert moved, Schack seconded a motion to accept the agenda with addenda for Items 13 A and 14 B. All voted “yes.” Motion carried.

5. **Approval of Minutes:**

A. **April 15, 2019 regular council meeting**

Calvert moved, Carter seconded a motion to approve the minutes of the April 15, 2019 regular council meeting, as presented. All voted “yes.” Motion carried.

6. **Special Matters: None**

7. **Reports from City Manager & Council Members**

City Manager Barone reported on upcoming city events and council meetings. She noted city offices would be closed on Monday, May 27 in observance of Memorial Day.

City Manager Barone recognized Assistant City Manager Perry Vetter noting this would be his last meeting with the City of Minnetonka. She thanked him for his 20 years of dedicated service to the community. She provided a summary of the
projects he had a hand in over the years and wished him well with the City of Edina. A round of applause was offered by all in attendance.

Assistant City Manager Vetter thanked the council and staff for the recognition. He discussed some of the projects he had been a part of and commended the council for having vision and strong leadership.

Calvert thanked Assistant City Manager Vetter for his humble service to the community and for having a tremendous level of integrity.

Wiersum indicated he has been with Minnetonka for three-fourths of Assistant City Manager Vetter’s tenure with the city. He noted the city was losing one of its best but wished him all the best chasing his passion as Edina’s Park and Recreation Director.

Happe stated he was proud to know and work with Assistant City Manager Vetter. He wished him all the best in the future.

Bergstedt reported trees were extremely important to the City of Minnetonka. He commented on the recent tree sale which was held last Friday and Saturday. He thanked Leslie Yetka for her assistance at this event.

Calvert commented on the activities she participated in over the past few weeks noting she attended a dinner with Sakya Trichen, a Tibetan Buddhist. She reported she attended an Iftar dinner with a number of local representatives. She explained she attended a meeting with the Minnetonka Family Collaborative.

Carter indicated she was appointed to Tonka Cares. She provided the council with an update from this unique collaboration.

8. Citizens Wishing to Discuss Matters not on the Agenda: None

9. Bids and Purchases:

A. Bids for the 2019 Ridgedale Drive project

City Engineer Will Manchester gave the staff report.

Wiersum asked if one motion or two would be required for this item. Manchester noted a single motion was required.

Bergstedt moved, Happe seconded a motion to approve a conditional award of the contract for the 2019 Ridgedale Drive Project No. 19501 to Eureka Construction in the amount of $9,169,383.25 and amend the CIP, subject to the requirement that the city manager and city engineer, in their sole discretion, must
determine that the city has secured the right-of-way necessary for the construction of the project; and authorize the city engineer and city manager to reject the contract and return the bid bond if, in their sole discretion, they determine that the right-of-way cannot be secured for the project. All voted “yes.” Motion carried.

10. Consent Agenda – Items Requiring a Majority Vote:

A. Land lease agreement with Verizon Wireless (VAW) LLC for telecommunications tower at 4525 Williston Road

Ellingson moved, Calvert seconded a motion to approve the lease agreement. All voted “yes.” Motion carried.

B. An Ordinance amending section 920.020, subdivision 2 of the Minnetonka City Code; amending the Minnesota state fire code; regulating storage and use of grills in apartment or condominium buildings two or more stories in height

Ellingson moved, Calvert seconded a motion to adopt Ordinance 2019-12. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes:

A. Conditional use permit for an accessory apartment with a front yard setback variance at 5000 Acorn Ridge Rd.

Ellingson moved, Calvert seconded a motion to adopt Resolution 2019-042 approving the conditional use permit and variance. All voted “yes.” Motion carried.

12. Introduction of Ordinances:

A. Ordinance relating to food establishment licensing

Community Development Director Julie Wischnack gave the staff report.

Schack moved, Happe seconded a motion to introduce the ordinance. All voted “yes.” Motion carried.

B. Ordinance amending various sections of city code related to pollinators

City Planner Loren Gordon gave the staff report.
Calvert asked if the city would be limiting the use of pesticides. Natural Resources Staff Manager Yetka explained she has been with the city for five weeks and explained Christine Peterson would be answering this question.

Christine Peterson reported the city was in the process of addressing the use of pesticides. She explained a variety of steps would be taken to reduce the use of pesticides and increase the use of goats where possible.

Happe indicated he was allergic to bees and stated he was pleased to see this ordinance addressed other pollinators such as butterflies and hummingbirds. He questioned how staff came up with the 25% requirement for plantings. Yetka reported there was no standard regarding native plants and explained staff believed the 25% was achievable. Peterson commented the 25% includes trees, shrubs, aquatic plant, buffers plants and grasses. Gordon stated after reviewing several recent projects in the city he indicated these landscaping requirements were already being met. He noted Minnetonka would be the first city in the nation to put these requirements into an ordinance.

Calvert commented on the importance of pollinators and thanked staff for all of their hard work on this ordinance.

Wiersum stated he supported the ordinance but asked if staff had considered how climate change may impact native plantings. He explained he wanted all plantings in Minnetonka to thrive both now and into the future. Yetka reported the intent of the ordinance was to allow for current plantings along with flexibility as the climate changes. She indicated her office would have to keep revisiting what the city deems native in the years ahead.

Wiersum recommended the city hold a native plant sale to encourage residents to purchase pollinator friendly plants. Peterson reported the city holds a pollinator field day every summer and native plants would be sold at this event.

Calvert moved, Schack seconded a motion to introduce the ordinance and refer this to the planning commission. All voted “yes.” Motion carried.

13. Public Hearings:

A. Items related to Patriot Estates subdivision
   1. A two-lot subdivision at 3515 Park Valley Road:
      a. Preliminary plat; and
      b. Vacation of easements

City Planner Loren Gordon gave the staff report.

Wiersum opened the public hearing.
Andy Freeland, 3426 Robin Wood Terrace, explained he has been working on this project with the city for some time. He indicated he would like to build a home on the new lot.

Wiersum closed the public hearing.

Carter moved, Happe seconded a motion to hold the public hearing and adopt Resolution 2019-043 and Resolution 2019-044 approving the requests. All voted “yes.” Motion carried.

2. Items related to sale of city property adjacent to 3515 Park Valley Road

City Attorney Corrine Heine gave the staff report.

Schack moved, Calvert seconded a motion approve the purchase agreement and adopt Ordinance 2019-13 authorizing the sale. All voted “yes.” Motion carried.

14. Other Business:

A. Concept plan review for the Shady Oak Redevelopment located at 4312 Shady Oak Road.

City Planner Loren Gordon gave the staff report.

Happe stated this appeared to be a massive structure for this neighborhood. He believed the three story building was too high and questioned how many units would be lost if the structure were reduced to two stories. Gordon reported the building would lose 14 units if the third floor were eliminated.

Schack asked if this proposal would use the adjacent lot for drainage purposes. Gordon explained the lot to the west was owned by the city and the rear of the lot would be used for stormwater treatment.

Wiersum questioned what the process would be going forward for the developer. Community Development Director Wischnack reported staff would work first with the City of Hopkins on the annexation. She stated the developer would then seek land use approvals. City Manager Barone explained a project had been approved, but noted if this revised plan were to come forward, the whole approval process would have to start over. Wischnack clarified that if the revised plans were not approved by the city the original plans would continue unless rescinded by the council.
Michael Waldo, Ron Clark Construction, described how he had addressed traffic concerns for this development. He discussed the changes that were made to the site noting how this had went from a good project to a great project. He stated there would be a more efficient use of resources if he were allowed to add a third story which would create 20 more affordable housing units. He indicated he was comfortable that staff would be able to address the annexation issue with the City of Hopkins.

Tim Witten, Witten Associates, explained he was the architect for this project. He reviewed elevations of the new building noting comments from the neighbors had been taken into consideration. He commented on the grade of the site, where the retaining walls would be located and discussed the landscaping plans. It was noted the building would have a flat and hipped roof. He reviewed the location of the play area stating he would hate to add too much asphalt to this site if it was not necessary. He explained the apartments would be served by 90 underground parking spaces and noted the surface parking was for visitors.

Mr. Waldo reported a two-story apartment building would be very difficult to make work financially. He stated most apartment complexes were three or four stories.

Ellingson asked how steep the grade would be to access the structured parking. Mr. Witten reported the grade would be approximately 9%.

Ellingson questioned how long the building was from north to south. Gordon reported the building would be 420 feet long.

Carter commented she approved of the play area being located to the interior of the building as this would be safer for children.

Happe inquired if there were other three story buildings in the area. Gordon stated on this stretch of Shady Oak Road the buildings were one story commercial structures or two story single family homes.

Wiersum asked what the anticipated height of the building would be. Mr. Waldo explained the building height would be the same as was previously approved.

Wiersum questioned if there was another building of comparable size in Minnetonka. Wischnack reported the Ridge building would be very comparable except that building was four stories and the proposed building would be three stories.

Calvert inquired how many units were located within Applewood Point. Wischnack stated this development had 84 units in four stories. She noted the square foot per unit was much higher for that development than for the proposed apartment complex.
Wiersum opened the meeting for public comments. There were none.

Schack stated she was not part of the council that approved this project but had served on the Planning Commission that approved this project. She was of the opinion the revised plans were much improved and appreciated the fact the developer had addressed the access concerns. She commented the city knew light rail was coming and appreciated the fact this development would have close access to light rail. She noted she also supported the play area being moved to the interior of the project.

Calvert indicated she believed the new plans were dramatically improved. She thanked the developer for providing a hipped roof. She stated she could support the play area being put in either location so long as the space receives natural sunlight. She thanked the developer for adjusting access to the site. She noted the number of units does not bother her at this location.

Bergstedt stated he was pleased the city had an outstanding developer willing to make revisions to the project per the feedback that has been received from the neighbors. He explained the original building iterations were for a larger building. He was pleased the building size had been reduced. He thanked the developer for making this building appear to be more like row houses and for providing access to Shady Oak Road. He supported the play area being moved to the east away from traffic and the adjacent roadways. He commented he appreciated the hipped roof as it softened the building. He stated the proposed development would provide Minnetonka with more workforce housing. He noted his only concern with the project was how long the building was.

Happe indicated he believed the site plan and building design was great. However, he believed the building was too big for the area, as both the length and height of the building were too great. He feared this massive structure was being shoe-horned onto this property. He expressed concern with the fact the building would be very close to the road and may appear to be a big wall adjacent to the roadway.

Ellingson thanked Bergstedt and Happe for their observations. He stated he appreciated the fact the access to the site had been improved. He noted he was concerned with the size of the building and the lack of a setback from the street. He feared the proposed building would not fit very well into the neighborhood. He understood this was an urban setting, but explained he would be reluctant to support the revised plans.

Calvert explained the neighbors on Oak Drive Lane were concerned with the amount of traffic that would be using this roadway. She encouraged the
developer to ensure traffic using Oak Drive Lane would have adequate stacking lanes for safety purposes.

Wiersum commented this proposal was better than the previous proposal for a number of reasons, the first being improved access to the underground parking. He stated this was a big deal and noted the developer was proposing to construct an expensive building. He believed this project was better because it works. He indicated he was concerned about the building mass given the fact this was a 400+ foot long building. He was of the opinion the building design worked and he anticipated this area of the city would become more urban over time. He explained the proposed apartment complex would serve as a sound wall for the adjacent neighborhood. He appreciated the fact that the access issues had been addressed and noted the city was sorely in need of more workforce housing. He believed that the benefits of the project outweighed any of the drawbacks. He encouraged the developer to further break up the building and noted he supported the proof of parking.

Discussed concept plan with the applicant. No formal action required.

B. Items concerning the demolition and construction of a new automobile dealership at 15906 Wayzata Boulevard
   1. An ordinance approving a master development plan and final site and building plans, with a parking setback variance; and
   2. A resolution approving a conditional use permit, with a building-to-parking ratio variance, and a sign plan

City Planner Loren Gordon gave the staff report.

Wiersum requested further information on the approval timeline. Gordon stated state law gives cities 60 days to act on an application after being deemed complete. Typically action can be taken in 60 days, however, if additional time is needed a 60 day extension is allowed. He reported the city was on the 120 day clock at this time and the 120 time period would expire on June 3rd. He explained the city could request another 60 days from the applicant in order for the planning commission to review the revised plans before seeking council approval.

Bergstedt stated he would feel more comfortable with this item having another 60 days given the fact the plans have been revised. He indicated he would be in a much better position to make an informed decision if the revised plans were reviewed by the planning commission.

Wiersum asked if the council had any questions for staff.
Ellingson questioned if the city had tree loss percentage guidelines. Gordon commented in this case, the site was being redeveloped. Therefore, the tree loss would be based on a mitigation plan and tree replacement rate.

Schack inquired what the distance was from the berm to the closest home. Gordon reported this distance was approximately 800 feet.

Wiersum called the applicant forward at this time.

Jack Reck, RJ Ryan Construction, stated he was acting as a representative for Walser. He discussed the revised plans that were presented to the city and explained the berm would remain intact per the neighbors request. He reported none of the trees would be taken off the berm. He commented on the building elevation and tree mitigation plan. He explained the height of the new building would be lower than the existing building. He stated Walser’s goal was to keep the Nissan franchise in Minnetonka while updating the site to meet Nissan’s requirements. He reported time was of the essence for this project given the fact this was a tough site and construction season was underway.

Wiersum opened the meeting for public comment.

Mark Burnbaum, 325 Towns Road, stated it appears the proposed building was a long way from the adjacent homes, but noted some homes have a straight line view of the car dealerships. He suggested an indoor dealership be considered for this site. He explained he had a problem with the fact the council was considering waiving several city code requirements with respect to setbacks and parking ratios. He appreciated the concessions that were being made by the applicant but expressed concern with how the rear of the site would look from his home. He encouraged the council to send this item back to the planning commission for further review and consideration.

Brad Schaeppi, 315 Towns Lane, explained he lived in the mailed notice area and had a direct view of the subject property. He reviewed several photos of the view he had from his backyard noting he could see the BMW dealership. He stated he appreciated the fact progress had been made and that the berm would remain in place. He understood the city was up against a clock but he encouraged the city to delay action on this item for another 60 days to allow for proper consideration of the revised plans.

Jeff Koblick, 351 Towns Road, noted he has lived in his home for the past 40 years. He discussed the atmosphere at the BMW neighborhood meeting versus the attitude that has been presented by Walser/Nissan. He expressed frustration with the fact the city sign was not posted and that the neighbors have not been contacted. He noted he and Mr. Schaeppi had spoken to 30 neighbors regarding this project. He commented on the inventory Walser had and questioned why
the city was considering variances. He stated he did not see a hardship with this request. He encouraged the council to follow Walser's code of conduct and do the right thing by making the berm effective and that Minnetonka city code be followed. He expressed frustration with the fact Walser had not provided the city with views of each side of the building in order for the residents to better understand the full impacts of this redevelopment.

Mr. Reck discussed the differences between the BMW site and the Nissan site. He explained he was available to speak with any members of the public regarding the proposed redevelopment. He noted the berm would not be touched, nor the trees. He indicated the building elevations were included in his plan.

Calvert requested further information regarding the grading and berm. Mr. Reck reviewed photos of the berm and noted the existing berm would remain intact.

Chad Ayers, Sambatek, reviewed the berm elevation in further detail with the council.

Carter stated she would like to see a view of the site with the proper elevations to better understand the grading with respect to the berm. Gordon reviewed a map of the site.

Carter expressed concern with the fact cars would be seen from the adjacent homes given the fact the elevation of the building would be raised, which would negate the existing berm. Mr. Reck stated he believed the building would be four or five feet lower than the top of the berm. He noted the tops of cars may be seen.

Happe commented the council was put in a hard position at its last meeting. He stated he was not in a place to approve the revised plans. He supported the planning commission reviewing this item again given the changes that were made to the plan. He requested the developer consider granting the city an additional 60 days to review the plans. He stated if the applicant were to decline this request, he would not be able to support action on this item this evening.

Mr. Reck stated he was not able to make the decision to extend.

Wiersum indicated the council was feeling a little bit like they have been painted into a corner on this item. Barone reported another option available to the council would be to continue this item to June 3. He encouraged the applicant to come forward with visuals on June 3. Wischnack reported if the applicant were to provide a waiver prior to June 3 staff could send this item directly to the planning commission.
Wiersum supported staff taking this action. He questioned how the council should proceed. City Attorney Heine reported the recommended motion would be to table action to June 3.

Schack moved, Calvert seconded a motion to table action on this item to June 3, 2019. All voted "yes." Motion carried.

15. **Appointments and Reappointments: None**

16. **Adjournment**

    Calvert moved, Carter seconded a motion to adjourn the meeting at 9:30 p.m. All voted "yes." Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk
Minutes  
Minnetonka City Council  
Monday, June 3, 2019

1. Call to Order  
Mayor Brad Wiersum called the meeting to order at 6:30 p.m.

2. Pledge of Allegiance  
All joined in the Pledge of Allegiance.

3. Roll Call  
Council Members Tim Bergstedt, Bob Ellingson, Deb Calvert, Rebecca Schack, Susan Carter and Brad Wiersum were present. Council Member Mike Happe was excused.

4. Approval of Agenda  
Calvert moved, Schack seconded a motion to accept the agenda, as presented. All voted “yes.” Motion carried.

5. Approval of Minutes:  
A. May 6, 2019 regular council meeting  
Wiersum reported the meeting began at 6:30 p.m. versus 6:00 p.m. He noted he asked for a slight modification to Page 6, the third paragraph regarding the conversation on Total Wine. He requested a sentence be added to read: “Wiersum corrected Bergstedt’s previous statement indicating that he had not encouraged Total Wine to purchase a liquor license or a liquor store.”

Bergstedt moved, Calvert seconded a motion to approve the minutes of the May 6, 2019 regular council meeting, as amended. All voted “yes.” Motion carried.

6. Special Matters: None

7. Reports from City Manager & Council Members  
City Manager Geralyn Barone reported on upcoming city events and council meetings. She noted Tuesday, June 4 was the last day to file for city council seats. She explained the governor had signed an omnibus tax bill which included a sales tax exemption for the Minnetonka Public Safety Facility. She thanked the local legislators who had worked on this bill.
Schack stated she and staff attended a tour of the Ann Cullen Smith Preserve, the Opus Park, and the Red Barn in Minnetonka.

Calvert noted she attended the Jewish Community Relations Council Annual Event in Minneapolis on June 2. She reported this event was well attended with over 800 people in attendance.

Carter stated the Southwest Light Rail Places Committee was looking to generate resources for public art along the LRT line.

Carter thanked the Rotary for their robust work in the community.

Wiersum reported this Thursday, June 6 was the 75th Anniversary of D-Day. He commented this was a significant day to commemorate and he saluted the brave men and women that sacrificed themselves.

Wiersum thanked Chief Vance and former Assistant City Manager Vetter for their work on the tax exemption bill.

8. Citizens Wishing to Discuss Matters not on the Agenda

Tim Litfin, Minnetonka Community Education, discussed Tour de Tonka (TDT) with the council. He reported this year’s event would be held on Saturday, August 3 and would be the 14th TDT event. He welcomed all of the riders who participated from around the state and nation. He thanked all of the partners and volunteers that made this event possible.

Carter asked if TDT took same day registrations. Mr. Litfin reported same day registrations were accepted, but would be limited for the lower races.

Wiersum thanked Mr. Litfin for his efforts and stated he appreciated the collaboration between communities in order to put on this great event.

9. Bids and Purchases:

A. Bids for Water Treatment Plant No. 6 Rehabilitation

City Manager Geralyn Barone gave the staff report.

Bergstedt stated he was pleased to see this bid came in under the engineer’s estimate.

Bergstedt moved, Schack seconded a motion to award the contract to Shank Constructors, Inc. All voted “yes.” Motion carried.
10. Consent Agenda – Items Requiring a Majority Vote:

A. Ordinance relating to food establishment licensing

Ellingson moved, Calvert seconded a motion to adopt Ordinance 2019-14. All voted “yes.” Motion carried.

B. Resolution approving use of Hennepin County Affordable Housing Incentive Funds by Homes Within Reach

Ellingson moved, Calvert seconded a motion to adopt Resolution 2019-045. All voted “yes.” Motion carried.

11. Consent Agenda – Items requiring Five Votes: None

12. Introduction of Ordinances: None

13. Public Hearings:

A. Items concerning Solbekken Villas at 5734, 5742, and 5754 Shady Oak Road:

1) Final plat; and

2) Vacation of easements

City Planner Loren Gordon gave the staff report.

Wiersum opened the public hearing.

With no one coming forward, Wiersum closed the public hearing.

Bergstedt stated he was on the council when this project was approved. He noted there was discussion regarding the three single family homes and how these homes would be oriented. He hoped that once the landscaping was put in place the single-family homes would be softened and buffered from Shady Oak Road. He explained he would be offering his support for the project.

Calvert thanked Bergstedt for his comments.

Wiersum encouraged staff to ensure all of the proposed landscaping was installed per the submitted plans. He stated he supported the plans so long as the developer delivers on the landscaping.
Calvert moved, Schack seconded a motion to hold the public hearing and adopt Resolution 2019-046 and Resolution 2019-047 approving the requests. All voted “yes.” Motion carried.

B. Temporary on-sale liquor license for The Rotary Club of Minnetonka Foundation, 14600 Minnetonka Blvd.

City Manager Geralyn Barone gave the staff report.

Wiersum opened the public hearing.

Chris Roselund, Minnetonka Rotary Club, reported the Rotary Club meets every Wednesday morning at the Eisenhower Community Center. He invited the council to attend a future meeting. He requested council support the temporary beer and wine liquor license for the Minnetonka Summer Fest. He commented further on how the funds raised at this event would be invested back into the community.

Wiersum thanked Mr. Roselund for his efforts on behalf of the community.

Wiersum closed the public hearing.

Calvert moved, Carter seconded a motion to hold the public hearing and grant the license. All voted “yes.” Motion carried.

C. Temporary on-sale liquor licenses for Unmapped Brewing, LLC, 14625 Excelsior Blvd

City Manager Geralyn Barone gave the staff report.

Wiersum opened the public hearing.

Megan Park, co-owner of Unmapped Brewing Company, thanked staff for the thorough report. She noted Unmapped Brewing was planning a two year anniversary celebration for June 15. She explained the event would have live music, fun outdoor games and great local food. She reported wood barrel aged beer would be introduced at this event. She stated Unmapped Brewing was also planning a Glen Lake neighborhood party which would be held on Saturday, August 3.

Wiersum asked what would be done to ensure that the parking in front of the existing businesses in the shopping center would remain open for their patrons. Ms. Park stated she had been working with the landlord to distinguish these parking spaces with signs in order to have them reserved.
Carter encouraged Unmapped Brewing to be mindful of how the planned events would impact the surrounding businesses.

Jane Gosset, worker at Jean Marie’s, noted she supported the two requests from Unmapped Brewing Company and stated she would assist with monitoring the parking situation.

Wiersum closed the public hearing.

Bergstedt commented on how Unmapped Brewing had succeeded beyond the city’s expectations. He encouraged the businesses in the area to continue to work with the landlord to address their parking concerns.

Bergstedt moved, Calvert seconded a motion to hold the public hearing and grant the licenses. All voted “yes.” Motion carried.

14. Other Business:

A. 2020 – 2024 Economic Improvement Program (EIP)

Community Development Director Julie Wischnack gave the staff report.

Carter commented she recalled the council wanted to support Homes Within Reach at a higher level for a longer period and/or talk about a reasoned step down approach. She stated she respected the recommendation from EDAC but noted it could be traumatic to an organization to find replacement grants. Wischnack reported Homes Within Reach has been aware of the step down the city has planned to implement over five years, but she noted the chart could be redrafted to lower the steps to lessen the impact on the organization.

Schack indicated she appreciated Carter’s concerns. However, she did not want to set a precedent with the step down. She noted if she was on the council in 2020, she would be pushing for additional funding for Homes Within Reach. She commented she could begrudgingly support this recommendation and noted she would be asking staff for additional funding in 2020.

Calvert stated she served as the council liaison to the EDAC. She believed there had been a change in culture on the council and on the EDAC. She explained there was a desire to step this down, but that feelings have since changed. She reported the council now had to find the money to fund this organization. Further discussion ensued regarding the recommendation from the EDAC.

Carter asked how the city deconstructed an institutionalized decision that was made five years ago. Wischnack stated it was not unusual for cities to change gears after five years. She commented on how housing costs had changed over
the past 10 years. City Manager Geralyn Barone discussed the funding source for Homes Within Reach.

Bergstedt explained the recommendation was to fund WHALT at $150,000 in 2020. He indicated he would be uncomfortable changing this recommendation given the fact a new council could potentially be addressing this issue in 2020.

Wiersum stated he was very comfortable with the recommendation for 2020. He noted he would like to find a way, perhaps through the HRA levy, to consistently provide resources to Homes Within Reach at a level higher than $25,000. He reported he supported this organization’s mission and believed owner-occupied affordable housing was valuable. He stated Minnetonka would not be showing good leadership by changing their level of support to Homes Within Reach. He supported the council better understanding its leadership role it has with this organization and recommended the current financial plan be reconsidered in 2020.

Calvert explained she looked forward to discussing this topic further in the future in order to find a funding source for this organization.

Schack moved, Calvert seconded a motion to adopt Resolution 2019-048. All voted “yes.” Motion carried.

B. 2020 – 2024 Capital Improvements Program (CIP)

City Manager Geralyn Barone gave the staff report.

Bergstedt discussed the process staff and the council followed in order to draft and approval the Capital Improvements Program. He thanked staff for all of their efforts in putting together the budget and CIP.

Calvert thanked staff for the thorough report on the CIP.

Wiersum stated he was impressed that 56% of the city’s budget was non-property tax related revenue. He described the team approach that was taken for the CIP and budget from both city staff and the council. He thanked staff and the council for all of their efforts on this document.

Calvert moved, Carter seconded a motion to adopt Resolution 2019-049. All voted “yes.” Motion carried.

15. Appointments and Reappointments: None
16. Adjournment

Calvert moved, Schack seconded a motion to adjourn the meeting at 8:01 p.m. All voted “yes.” Motion carried.

Respectfully submitted,

Becky Koosman
City Clerk
Brief Description: Recognition of Director of Public Works Director Brian Wagstrom upon his retirement

Recommended Action: Recognize Brian Wagstrom

Background

It is the practice of the city council to recognize those who have served the city upon their retirement.

Brian Wagstrom was hired as the city’s operations and maintenance director in 1994, and his job title was changed to director of public works in 2002. Prior to coming to Minnetonka, Brian served in the city of Faribault, first as superintendent of streets and parks, and then as director of public works. Brian also worked in the private sector as a construction foreman, sales and marketing territory manager, and project superintendent.

During Brian’s tenure with Minnetonka, he was responsible for maintaining the city’s infrastructure, including streets, water and sewer utilities, natural resources, parks and trails, buildings and fleet. Brian has been characterized by his “get things done” approach and has led a number of projects related to innovative applications of new technologies, equipment, project management and service delivery systems, to name a few. He has excelled as a state leader and led a number of exciting city projects related to the following:

- Improved efficiencies for snow and ice removal process and developed policy.
- Implemented brine making and partnerships, both private and public, to improve operations.
- Initiated city-owned mill and overlay operations (first in state).
- Co-developed sustainable pavement management program to meet city needs and funding for the long term.
- Improved infrastructure asset management system and implemented mobile technology for crews.
- Constructed new public works facility.
- Developed long term utility infrastructure sustainability plan with funding needs.
- Led efforts for reduction of inflow and infiltration citywide.
- Constructed water treatment plant.
- Negotiated community solar garden energy savings contracts for a savings of $13 million over 25 years (first in state).
- Created lighting retrofit program for city wide facility energy savings.
- Constructed, raised and removed city water towers.
- Renovated and remodeled numerous city buildings.
- Instituted a labor management committee, in place for 25 years, which developed employee evaluations, skills-based pay program and competitive assessment.
- Launched Institution/Community Work Crew (ICWC) program.
- Recognized by his peers as the state’s 2018 Public Works Director of the Year by the Minnesota Chapter of the American Public Works Association.
Recommendation

Brian has truly accomplished much during his 25 years of exemplary service with Minnetonka. His leadership has made an undeniable impact on the city’s public works department and throughout the city and region.

We hereby recognize and graciously thank City of Minnetonka Director of Public Works Brian Wagstrom upon his retirement. We wish him only the very best and will miss him.

Originated by:
    Geralyn Barone, City Manager
City Council Agenda Item #6B
Meeting of June 24, 2019

Brief Description: Recognition of Kari Spreeman as Minnesota’s “Communicator of the Year"

Recommended Action: Recognize the award

Background

In May, Communications and Marketing Manager Kari Spreeman was named the state’s Communicator of the Year by the Minnesota Association of Government Communicators (MAGC). It’s a prestigious award given to only a few in the field of public sector communications.

In recognizing Kari as Minnesota’s Communicator of the Year, the MAGC board said:

“While still relatively new to the position, Kari brought fresh eyes and open ears to an organization’s communications needs. She led an award-winning rebranding that managed to elevate Minnetonka’s visual presentation as well as its organizational tone, and unite the city under a strong, consistent look and mission.

Under Kari’s leadership, Minnetonka effectively reaches its residents and boosts engagement throughout the community. A current website overhaul includes an emphasis on plain language and an even deeper connection to the public, while her multi-faceted and creative marketing strategies have improved everything from program and event attendance to employee recruitment campaigns.

Kari exemplifies the very best of what we as communicators seek to do day-in and day-out, and we can think of no one more deserving of this year’s award.”

Recommendation

Recognize the award.

Submitted through: Geralyn Barone, City Manager

Originated by: Kari Spreeman, Communications and Marketing Manager
City Council Agenda Item #6C
Meeting of June 24, 2019

Brief Description: Recognition of Minnetonka Memo/Senior Script and Fire Marketing Plan as Best in State

Recommended Action: Recognize the awards

Background

In May, at the same statewide awards ceremony honoring Kari Spreeman, her communications team – consisting of Senior Communications Coordinators Matt Higgins and Justin Pelegano – received two first place awards from the Minnesota Association of Government Communicators for their exceptional work this past year.

In the category of Public Sector Magazine or Newsletter, the redesigned Minnetonka Memo and Senior Script publication was named best in state.

Collaborating with a freelance graphic designer, the communications division completely reimagined these newsletters, and they now clearly incorporate the city’s new brand, feature a modern design, and feel “of a piece.” A statistic that clearly demonstrates how the improved look and content benefitted the city is that senior program registration doubled from Quarter 1 of 2018 (with the old design) to Quarter 1 of 2019 (with the new design).

For the third year in a row, the communications division also received Minnesota’s top prize for Best Communications or Marketing Plan, this time for their Firefighter Recruitment Strategic Marketing Plan.

The team’s recruitment campaign, called “Give More. Be More. Become a Minnetonka Firefighter,” was developed in partnership with the fire department and was a multi-pronged marketing plan designed to draw in a greater number of firefighter applicants.

The campaign was an unqualified success and resulted in a 60-percent increase in firefighter applicants from the previous year. Furthermore, the entire campaign was accomplished for only $1,500.

In June, the Minnetonka communications team was invited to include an article about their successful Firefighter Recruitment Plan in an upcoming issue of the League of Minnesota Cities magazine.

Recommendation

Recognize the awards.

Submitted through:
Geralyn Barone, City Manager

Originated by: Kari Spreeman, Communications and Marketing Manager
Get ready for winter snow removal

Please keep the following items in mind as winter weather approaches:

• **Plowing operations typically begin between midnight and 4 a.m.**, but it varies depending on the time and intensity of the snowfall.

• **Heavy or above-average snowfalls may require a multi-day operation** to clear (in this order) streets, parking lots, sidewalks, trails and ice rinks. In an average snowfall, our goal is to clear streets within nine hours.

• **Snow removal takes place in three steps.** The first pass provides an initial access path down the streets. Within a few hours, full-width plowing takes place. Final cleanup typically occurs the following day and includes intersections, plowing where vehicles had been parked and salting.

• **Snow cleared from your property must remain on your property.** Don’t push it into or across the street, or onto sidewalks and trails. Make sure your snow doesn’t interfere with traffic or city plows. Please make contractors aware of city snow removal ordinances.

• **The city will repair damage to curbs and sod caused by city snowplows.** Mailboxes damaged by direct contact with city snowplows will also be repaired. Damage to private improvements (fences, sprinklers, rock gardens, etc.) in the right-of-way are the responsibility of the property owner.

• **Plowing will result in snow at the end of your driveway.** While inconvenient, this is unavoidable and clearing the driveway is the responsibility of the property owner. Drivers will try to evenly distribute snow in cul-de-sacs, but that is not always possible due to hydrants, mailboxes and utilities.

• **See page 5 for tips to be “salt smart” this winter.**

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**Winter parking reminders**

• **Vehicles can’t be parked on a public street between 2 a.m. and 6 a.m., and a vehicle must not be parked on a public street in one place more than six hours (continuous).**

• **Vehicles and trailers can’t remain on a street, road or highway in a manner that interferes with the removal of snow, sleet, slush or ice.** In addition to other penalties, vehicles and trailers in violation may be be towed at the owner's expense.

Call Minnetonka Police at 952-939-8500 with any parking concerns. Thank you for your cooperation!
In order to continue delivering the high level of service Minnetonka residents have come to expect, and to address new initiatives requested by residents, the Minnetonka City Council adopted a preliminary property tax increase in September of no more than 3.9 percent for the 2019 budget.

The city council will vote on adoption of the final 2019 budget and levy at its Dec. 3 meeting.

What does this mean for the average homeowner?
With the proposed increase, city property taxes for the median-valued home in Minnetonka ($359,800 in 2019) are estimated to increase by approximately $53 per year.*

Here's how the proposed increase will be put to use:

- **Police service demands:** Greater vitality and increasing population centers in our community require the addition of a fifth police service district and one additional sworn officer.
- **Inspection and permitting services:** Enhanced development activity has created more demand for construction-related services.
- **Sidewalk, trail and cul-de-sac maintenance:** Community desires for improved transportation infrastructure demand greater ongoing upkeep, including snow removal.
- **Emerald ash borer (EAB) program:** The ongoing implementation of a plan to guard Minnetonka’s ash trees from EAB requires the hiring of an additional forestry technician.

Learn more and provide input
To provide feedback on the 2019 budget:

- Submit feedback via [eminnetonka.com/minnetonkamike](http://eminnetonka.com/minnetonkamike)
- Attend the public hearing Monday, Dec. 3, at 6:30 p.m. in the council chambers at 14600 Minnetonka Blvd.
- Contact Finance Director Merrill King at mking@eminnetonka.com or 952-939-8200

For more detailed information about the proposed budget, visit [eminnetonka.com/budget](http://eminnetonka.com/budget).

*The exact impact on specific properties will depend on the assessed market value of each home. These numbers do not include the proposed increase from other taxing jurisdictions such as the county and local school district.*
Resident thanks fire and police for life-saving efforts

Todd and Beverly Wadsworth visited the Minnetonka Fire station recently to thank firefighters Brad Rolling, Jim Lundeen and Loren Palmer for saving Todd’s life.

On Aug. 21, 2018, Todd went into full cardiac arrest in the Highway 101 Target parking lot, and the first responders resuscitated him twice before transporting him to Methodist Hospital for further care. He’s since made a full recovery and returned to work.

Minnetonka Police Officers Scott Reis and Erin Spinks, Community Service Officer Alex Farrell and two Hennepin County Medical Center medics also responded and assisted.

Thank you to our talented and dedicated first responders for your life-saving efforts!

The Minnetonka Fire Department is an active and committed team whose members share a common desire to serve.

Why Minnetonka?

• Fully-funded on-the-job training and educational opportunities
• Cutting-edge response technology and equipment
• Daily opportunities for creative problem solving and service
• Flexible schedule and unique retirement benefits
• Camaraderie that extends far beyond the job

To apply and find more information, visit eminnetonka.com/firefighters.

Follow the City of Minnetonka on Social Media

Join the conversation and stay connected to latest news, events and updates!

-cityofminnetonka
@MinnetonkaMN
@MtkaPD
@MtkaFD
@MinnetonkaMN

City of Minnetonka
City of Minnetonka
Featured Recreation Programs

Santa’s Toy Shop
Ages 5-12

Send your little elves to class to create toys they can actually play with. We'll be making snow globes and much more. Please pack a nut-free snack and drink for your child.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
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<tbody>
<tr>
<td>Sa</td>
<td>Dec. 1</td>
<td>9 a.m.-noon</td>
<td>$31</td>
<td>1040206-01</td>
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</tbody>
</table>

Location: Minnetonka Community Center

Men’s Broomball League
Ages 18 and older

Get your team of six on the ice in our seven-week men’s broomball league. The Dec. 14 registration deadline is coming up, and space is limited! Visit eminnetonka.com/broomball for more information.

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<tr>
<th>Day</th>
<th>Date</th>
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<td>Jan. 3-Feb. 14</td>
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To register call 952-939-8203 or visit eminnetonka.com/register.

Winter-Spring recreation program registration begins Dec. 4

Registration for winter-spring recreation programs begins Tuesday, Dec. 4 at 8 a.m. Visit eminnetonka.com/recreationbrochure to check out the program options and choose from hundreds of activities, including fitness classes, kids’ programs, craft opportunities and sports leagues. There is something for everyone!

Visit eminnetonka.com/register to register online, or call 952-939-8203 between 8 a.m. and 4:30 p.m. Monday through Friday.

Winter Farmers Market

Saturday
Dec. 15
9 a.m.–1 p.m.

Minnetonka Community Center
14600 Minnetonka Blvd.

Shop for local foods, crafts and gifts
Visit with Santa
Listen to live music
Explore the Hennepin County Library booth

For more details, or to apply to be a vendor, visit eminnetonka.com/farmersmarket or email farmersmarket@eminnetonka.com.

To request a printed copy of the winter-spring program guide, call 952-939-8203 or email recservices@eminnetonka.com. It’s free for Minnetonka and Hopkins residents and $3 for non-residents.
Plant pest program protects Minnetonka’s trees

In an ongoing effort to protect Minnetonka's community forest, the city is actively working to limit the spread of Dutch elm disease (DED) and oak wilt, while also preparing for new or emerging threats, such as emerald ash borer.

DED has declined steadily in Minnetonka since 2004 thanks to a strong ordinance that requires removal of diseased trees within 30 days. This summer, in fact, only half as many elms were identified with the disease compared to 2017.

Oak wilt infestations were also lower in 2018. Many of the oaks inspected this summer had two-lined chestnut borer, an insect that infests stressed oaks and produces signs easily confused with oak wilt.

The city forester has not yet found emerald ash borer in Minnetonka, but continues to conduct selective inspections for early detection.

For more information on the plant pest program and related ordinances, visit eminnetonka.com/plantpestprogram.

PLEDGE TO BE SALT SMART

1. Shovel
Clear walkways before snow turns to ice. Apply salt only if needed.

2. Select
Salt doesn’t melt ice below 15°F. Use sand for traction when it’s too cold, or a different de-icer.

3. Scatter
Use salt only where critical. Aim for three inches of space between salt granules.

4. Sweep
Clean up leftover salt, sand, and de-icer to save and reuse as needed.

Graphics courtesy cleanwatermn.org
The City of Minnetonka seeks applicants for a home improvement loan program and another that assists first-time homebuyers.

**Minnetonka Home Loan Enhancement program**

This program offers low-interest home improvement for Minnetonka residents through the Center for Energy and Environment (CEE). Loan amounts range from $2,500 to $15,000 with a 10-year term and a three percent interest rate. Income and asset limits apply. 

Visit [eminnetonka.com/housing/home-improvement-loans](http://eminnetonka.com/housing/home-improvement-loans) to learn more about program guidelines – including loan terms, property eligibility and eligible improvements – and how to submit applications to the CEE.

**Welcome to Minnetonka loan program**

The city partners with the CEE to offer low-interest loans to assist first-time homebuyers with down payments and closing costs. Loans are up to $10,000 with a one percent interest rate and the homebuyer must contribute at least 25 percent of the total down-payment or closing costs; income and asset limits apply.

Visit [eminnetonka.com/welcometominnetonka](http://eminnetonka.com/welcometominnetonka) to learn more about loan terms, eligible properties, additional requirements and how to submit applications to the CEE.

**Ask a city planner**

In each issue of the _Minnetonka Memo_, our planners answer a common question to help residents and businesses learn more about the planning process and available city resources.

**Question:**
Can I add an apartment onto my home for my parents, in-laws, college-aged children or others?

**Answer:**
An accessory apartment, commonly referred to as a “guest” or “mother-in-law” apartment, is a smaller secondary dwelling in a larger single-family home. It requires city council approval for a conditional-use permit.

In its review, the council will determine if it meets city code. The apartment must be incorporated into a home without changing the home’s character. Code also restricts the size of the apartment, requires adequate off-street parking and necessitates that the property owner must reside in one of the units.

For a full list of the requirements, refer to the city code (§300.16 Subd. 3d) or contact the city’s planning division.

**Have a question?**
Do you have a planning or zoning question? Email us at zoning@eminnetonka.com, call 952-939-8290 or visit [eminnetonka.com/planning](http://eminnetonka.com/planning) for more information.

**More information**
For questions or more information contact City of Minnetonka Economic Development Coordinator Rob Hanson at rhanson@eminnetonka.com or 952-939-8234.
Music Association of Minnetonka Winter Concert Series

MAM Winter Festival
Saturday, Dec. 1 | 3:30 p.m.
Minnetonka Community Center | Cost: $5

Join the MAM choral and orchestra ensembles for live entertainment, cocoa, coffee and deserts. Fun for all ages!

Handel’s Messiah Singalong with Minnetonka Chamber Orchestra
Saturday, Dec. 8 | 2:30 p.m.
Minnesota Landscape Arboretum, Chaska
Free with arboretum admission

Minnetonka Youth Choir
Sunday, Dec. 9 | 3 p.m.
Trinity Episcopal Church, Excelsior
Free

Minnetonka Symphony Orchestra
Saturday, Dec. 15 | 3 p.m.
Immanuel Lutheran Church, Eden Prairie | Free

Ski at Glen Lake Golf Course
Glen Lake Golf Course offers a 2.5-kilometer cross-country skiing trail that features a fun and challenging groomed trail for all age and skill levels.

Schedule
The course is scheduled to be open from Dec. 15 through March 11, but snow is not made at this location and availability is weather-dependent. Please note trails are not lit.

The trails and golf center (rentals, concessions, restrooms) will be open at the following times:
- Monday–Friday: 11 a.m.–5 p.m.
- Saturdays–Sundays, holidays: 9 a.m.–5 p.m.

Passes
Season ($30) or daily ($6) passes are required, and sold on-site or at Glen Lake Activity Center. Visit threeriversparkdistrict.org for more information about season passes. Three Rivers Park District passes are honored at Glen Lake Golf Course.

Outdoor skating rinks scheduled to open Dec. 15
Outdoor skating rinks with warming houses are available at seven Minnetonka park locations.

Call the weather hotline at 952-939-8355 for conditions, closings and updates.

Visit eminnetonka.com/outdoor-ice-rinks for more information, including Hopkins locations and hours for holidays and winter break.

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>SUNDAY</th>
<th>MONDAY</th>
<th>TUESDAY</th>
<th>WEDNESDAY</th>
<th>THURSDAY</th>
<th>FRIDAY</th>
<th>SATURDAY</th>
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<tbody>
<tr>
<td>Boulder Creek</td>
<td>Noon-7 p.m.</td>
<td>4:30-9 p.m.</td>
<td>4:30-9 p.m.</td>
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<tr>
<td>Covington</td>
<td>Noon-7 p.m.</td>
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<td>4:30-9 p.m.</td>
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<td>Noon-9:45 p.m.</td>
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<tr>
<td>Glen Lake</td>
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<td>Gro Tonka</td>
<td>Noon-7 p.m.</td>
<td>4:30-9 p.m.</td>
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<td>4:30-9:45 p.m.</td>
<td>Noon-9:45 p.m.</td>
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<tr>
<td>McKenzie</td>
<td>Noon-7 p.m.</td>
<td>4:30-9 p.m.</td>
<td>4:30-9 p.m.</td>
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<td>Noon-9:45 p.m.</td>
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<tr>
<td>Meadow</td>
<td>Noon-7 p.m.</td>
<td>4:30-9 p.m.</td>
<td>4:30-9 p.m.</td>
<td>4:30-9 p.m.</td>
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<tr>
<td>Spring Hill</td>
<td>Noon-7 p.m.</td>
<td>4:30-9 p.m.</td>
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<td>Noon-9:45 p.m.</td>
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</table>
City of Minnetonka Calendar

3  City Council, 6:30 p.m.
5  Park Board, 7 p.m.
11 Senior Advisory Board, 10 a.m.
13 Planning Commission, 6:30 p.m.
17 City Council, 6:30 p.m.
24 Christmas Eve, City Offices Closed
25 Christmas Day, City Offices Closed

All meetings are open to the public. Meeting dates and times are subject to change. Visit eminnetonka.com or call 952-939-8200 for the latest information. Meetings are available live and on-demand at eminnetonka.com/tv.

Annual Holiday OPEN HOUSE

Victorian holiday decorations, self-guided tour, refreshments available!
Where: Burwell House, 13209 E. McGinty Road
When: Sunday, Dec. 2 from 1-4 p.m.
Hosted by: Minnetonka Historical Society
Cost: Free (donations accepted)
Parking: St. David's Center, 3395 Plymouth Rd. Handicap limited parking available at the Burwell House.

Winter 2018-19 Seasonal Jobs

Basketball officials
Lifeguards and swim instructors
Warming house attendants
Williston Fitness Center supervisors and attendants

Apply online at eminnetonka.com/job-openings
**Lunch and a Movie: Wonder**


**Sips & Songs - BandanAhhh!**

Enjoy a special holiday concert full of seasonal songs and other favorites from John Denver to Tony Bennet and The Carpenters. Light refreshments and treats start at 10:30 a.m.; the music kicks off at 11 a.m. Visit bandanahhh.com to learn more about the musicians. Sponsored by: Cherokee Pointe.

**Can Can Mini Golf and Abdallah’s**

We'll embark on an adventure to Can Can Wonderland in St. Paul to play 18 holes of putt putt mini golf! Then, it’s over to Casper’s Cherokee Restaurant in Eagan for lunch followed by a stop at Abdallah’s Chocolates store to shop an array of treats and learn about the history of this family owned business.

**Registration required for all programs.**

- **Program Locations**
  Meet at Minnetonka Senior Services at the Minnetonka Community Center, unless otherwise noted.

- **Program Cancellation**
  Participants wishing to withdraw from a program must do so at least one week prior to the start of the program or by the stated registration deadline.

- **Trip Cancellation**
  Refunds only granted prior to the registration deadline or in the event that a replacement is found.

  * Programs with low enrollment will be canceled.

**Can Can Mini Golf and Abdallah’s**

- **Location:** Can Can Wonderland in St. Paul
- **Date:** Jan. 18
- **Time:** 10:50 a.m.-5:15 p.m.
- **Cost:** $66
- **Course:** 1110109-01

**More programs online!**

For information on monthly interest groups and health and community services, visit eminnetonka.com/seniorscript.
Fitness Programs

For a complete listing and program descriptions, visit eminnetonka.com/register or pick up a brochure at the community center.

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>INSTRUCTOR</th>
<th>DATES</th>
<th>DAY</th>
<th>TIMES</th>
<th>FEE</th>
<th>COURSE #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 50 and Fit</td>
<td>Julie Fleischhacker Allen Hazen</td>
<td>Jan. 2–Dec. 30</td>
<td>M, W, F</td>
<td>9-10 a.m.</td>
<td>$12</td>
<td>4090702-04</td>
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<tr>
<td>Chair Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 8–Feb. 26</td>
<td>Tu</td>
<td>9:45–10:45 a.m.</td>
<td>$48</td>
<td>2090101-01</td>
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<tr>
<td>Chair Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 10–Feb. 28</td>
<td>Th</td>
<td>9:45–10:45 a.m.</td>
<td>$48</td>
<td>2090101-02</td>
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<tr>
<td>Chair Yoga</td>
<td>Elizabeth Kelly</td>
<td>Jan. 9–Feb. 27</td>
<td>W</td>
<td>5:30–6:30 p.m.</td>
<td>$48</td>
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<td>Intermediate Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 8–Feb. 26</td>
<td>Tu</td>
<td>11 a.m.–noon</td>
<td>$48</td>
<td>2090201-01</td>
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<tr>
<td>Intermediate Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 10–Feb. 28</td>
<td>Th</td>
<td>11 a.m.–noon</td>
<td>$48</td>
<td>2090201-02</td>
</tr>
<tr>
<td>Strength and Mobility</td>
<td>Dr. Megan McCallum</td>
<td>Jan. 15–Feb. 19</td>
<td>Tu</td>
<td>1:30–2:30 p.m.</td>
<td>$72</td>
<td>2091301-01</td>
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<tr>
<td>T’ai Chi Chih Instruction</td>
<td>Monica Campbell</td>
<td>Jan. 7–Feb. 25</td>
<td>M</td>
<td>10-11 a.m.</td>
<td>$30</td>
<td>2090301-01</td>
</tr>
<tr>
<td>T’ai Chi Chih Instruction</td>
<td>Susan Sobelson</td>
<td>Jan. 9–Feb. 27</td>
<td>W</td>
<td>1-2 p.m.</td>
<td>$40</td>
<td>2090301-02</td>
</tr>
<tr>
<td>T’ai Chi Chih Practice</td>
<td>Monica Campbell</td>
<td>Jan. 7–Feb. 25</td>
<td>M</td>
<td>11:15 a.m.–12:30 p.m.</td>
<td>$30</td>
<td>2090303-01</td>
</tr>
<tr>
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<td>Susan Sobelson</td>
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<td>W</td>
<td>2:15–3:30 p.m.</td>
<td>$40</td>
<td>2090303-03</td>
</tr>
<tr>
<td>Therapeutic Pilates</td>
<td>Dr. Sarah Petrich</td>
<td>Jan. 7–Feb. 25</td>
<td>M</td>
<td>10:15-11:15 a.m.</td>
<td>$72</td>
<td>2090901-01</td>
</tr>
<tr>
<td>Yogilates</td>
<td>Elizabeth Kelly</td>
<td>Jan. 9–Feb. 27</td>
<td>W</td>
<td>6:45-7:45 p.m.</td>
<td>$48</td>
<td>2091201-01</td>
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<tr>
<td>Zumba Gold</td>
<td>Renee Rahimi</td>
<td>Feb. 4–March 11</td>
<td>M</td>
<td>12:45-1:45 p.m.</td>
<td>$36</td>
<td>2090501-01</td>
</tr>
</tbody>
</table>

*Annually

**SERVICES**

- Free Medicare Counseling: 1st and 3rd Monday afternoon and evenings.
- Free Social Worker Consultations: 2nd and 4th Tuesday afternoons.
- Free Blood Pressure Checks: Dec. 7, 12, and 21 from 9:30-11:30 a.m.
- Foot Care Services: Call 763-560-5136. Every Friday, 8 a.m.–4 p.m.

For appointments & info, call 952-939-8393, pick up the monthly calendar or visit eminnetonka.com/seniorservices.

**HOUSEHOLD & OUTSIDE MAINTENANCE (HOME)**

Get affordable help with household and maintenance tasks so you can stay in your home longer. Call 952-746-4046 for details.
Fitness Programs
For a complete listing and program descriptions, visit eminnetonka.com/register or pick up a brochure at the community center.

<table>
<thead>
<tr>
<th>PROGRAM</th>
<th>INSTRUCTOR</th>
<th>DATES</th>
<th>DAY</th>
<th>TIMES</th>
<th>FEE</th>
<th>COURSE #</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 50 and Fit</td>
<td>Julie Fleischhacker Allen Hazen</td>
<td>Jan. 2-Dec. 30</td>
<td>M, W, F</td>
<td>9-10 a.m.</td>
<td>$12</td>
<td>4090702-04</td>
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<tr>
<td>Chair Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 8-Feb. 26</td>
<td>Tu</td>
<td>9:45-10:45 a.m.</td>
<td>$48</td>
<td>2090101-01</td>
</tr>
<tr>
<td>Chair Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 10-Feb. 28</td>
<td>Th</td>
<td>9:45-10:45 a.m.</td>
<td>$48</td>
<td>2090101-02</td>
</tr>
<tr>
<td>Chair Yoga</td>
<td>Elizabeth Kelly</td>
<td>Jan. 9-Feb. 27</td>
<td>W</td>
<td>5:30-6:30 p.m.</td>
<td>$48</td>
<td>2090101-03</td>
</tr>
<tr>
<td>Intermediate Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 8-Feb. 26</td>
<td>Tu</td>
<td>11 a.m.–noon</td>
<td>$48</td>
<td>2090201-01</td>
</tr>
<tr>
<td>Intermediate Yoga</td>
<td>Nancy Holasek</td>
<td>Jan. 10-Feb. 28</td>
<td>Th</td>
<td>11 a.m.–noon</td>
<td>$48</td>
<td>2090201-02</td>
</tr>
<tr>
<td>Strength and Mobility</td>
<td>Dr. Megan McCallum</td>
<td>Jan. 15-Feb. 19</td>
<td>Tu</td>
<td>1:30-2:30 p.m.</td>
<td>$72</td>
<td>2091301-01</td>
</tr>
<tr>
<td>T’ai Chi Chih Instruction</td>
<td>Monica Campbell</td>
<td>Jan. 7-Feb. 25</td>
<td>M</td>
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Household & Outside Maintenance (HOME)
Get affordable help with household and maintenance tasks so you can stay in your home longer. Call 952-746-4046 for details.

952-939-8393  eminnetonka.com/seniordisabilities  952-939-8393  eminnetonka.com/seniordisabilities
Balance and Fall Prevention Screenings
Schedule a 15-minute balance and fall prevention screening appointment. Screenings are conducted by Live Your Life Physical Therapy. Only a few spots left!

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Dec 3</td>
<td>11:15 a.m.–12:30 p.m.</td>
<td>Free</td>
<td>1180419-(09-13)</td>
</tr>
</tbody>
</table>

Sips & Songs - BandanAhhh!
Enjoy a special holiday concert full of seasonal songs and other favorites from John Denver to Tony Bennett and The Carpenters. Light refreshments and treats start at 10:30 a.m.; the music kicks off at 11 a.m. Visit bandanahhh.com to learn more about the musicians. Sponsored by: Cherokee Pointe.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tu</td>
<td>Dec 4</td>
<td>1:30–3:00 p.m.</td>
<td>Free</td>
<td>1180701-08</td>
</tr>
</tbody>
</table>

Can Can Mini Golf and Abdallah’s
We’ll embark on an adventure to Can Can Wonderland in St. Paul to play 18 holes of putt putt mini golf! Then, it’s over to Casper’s Cherokee Restaurant in Eagan for lunch followed by a stop at Abdallah’s Chocolates store to shop an array of treats and learn about the history of this family owned business.

Menu: Small sirloin or chicken entrée with tossed salad, baked potato with sour cream, rolls, beverage and dessert. Register by Dec. 17.

<table>
<thead>
<tr>
<th>Day</th>
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<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>Jan 18</td>
<td>10:50 a.m.–5:15 p.m.</td>
<td>$66</td>
<td>1110109-01</td>
</tr>
</tbody>
</table>

Lunch and a Movie: Wonder

Can Can Wonderland in St. Paul to play 18 holes of putt putt mini golf! Then, it’s over to Casper’s Cherokee Restaurant in Eagan for lunch followed by a stop at Abdallah’s Chocolates store to shop an array of treats and learn about the history of this family owned business.

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<td>$66</td>
<td>1110109-01</td>
</tr>
</tbody>
</table>

Registration required for all programs.*

Program Locations
Meet at Minnetonka Senior Services at the Minnetonka Community Center, unless otherwise noted.

Program Cancellation
Participants wishing to withdraw from a program must do so at least one week prior to the start of the program or by the stated registration deadline.

Trip Cancellation
Refunds only granted prior to the registration deadline or in the event that a replacement is found.

* Programs with low enrollment will be canceled.

Memory Café
A Memory Café is a welcoming place for people with cognitive impairment and their caregivers to socialize and share experiences. Our Minnetonka Memory Café is part of the city’s continuing efforts to be a dementia-friendly community. Must be attended by the person with dementia and their caregiver.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tu</td>
<td>Dec 4</td>
<td>Noon-1:15 p.m.</td>
<td>$12</td>
<td>1180411-01</td>
</tr>
</tbody>
</table>

Dementia Friends
Attend a free one-hour class to learn helpful ways to communicate and interact with people living with dementia, including Alzheimer’s.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tu</td>
<td>Dec 4</td>
<td>Noon-1:15 p.m.</td>
<td>Free</td>
<td>4180702-12</td>
</tr>
</tbody>
</table>

Wellness Series – Arthritis
Join us as a doctor from Twin Cities Orthopedics shares ways to manage your arthritis through conservative treatments and also explains joint replacement options.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
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</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>Dec 3</td>
<td>11:15 a.m.–12:30 p.m.</td>
<td>Free</td>
<td>1180419-(09-13)</td>
</tr>
</tbody>
</table>

Journeying into the Big Questions
Why am I here? What is my purpose? We'll investigate the path to finding answers to life's biggest questions.

Instructor: Jackie Mielke.

<table>
<thead>
<tr>
<th>Day</th>
<th>Date</th>
<th>Time</th>
<th>Cost</th>
<th>Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>Th</td>
<td>Dec 6</td>
<td>1–3 p.m.</td>
<td>$12</td>
<td>1180411-01</td>
</tr>
</tbody>
</table>

More programs online!
For information on monthly interest groups and health and community services, visit eminnetonka.com/seniorscript.

Purchase items handcrafted by Minnetonka residents ages 55 and older.

11280 Wayzata Blvd. | 763-591-4868

Regular Hours
Wednesday-Saturday, 10 a.m.–4 p.m.
Thursday: 10 a.m.–6 p.m.

Holiday Hours, Nov. 23–Dec. 23
Monday–Saturday: 10 a.m.–4 p.m.
Thursday: 10 a.m.–6 p.m.
Sunday: 11 a.m.–4 p.m.

Winter/Spring registration opens Tuesday, Dec. 4 at 8 a.m.!
Sign up for programs running January-April.
GIVE MORE.
BE MORE.

Become a Minnetonka firefighter.
The Minnetonka Fire Department is an active and committed team whose members share a common desire to serve.

Why Minnetonka?

• Fully-funded on-the-job training and educational opportunities
• Cutting-edge response technology and equipment
• Daily opportunities for creative problem solving and service
• Flexible schedule and unique retirement benefits
• New state-of-the-art fire station opening in 2020
• Camaraderie that extends far beyond the job

To apply and find more information, visit eminnetonka.com/firefighters.
Brief Description: Review of the 2018 financial report with the City’s audit firm of BerganKDV.

Recommended Action: None. Informational only.

Background

Each year at the conclusion of their audit, the City’s auditors review the Comprehensive Annual Financial Report (CAFR) with the City Council. The city has contracted with the audit firm of BerganKDV to conduct its annual audit per an RFP and selection process in 2017. As such, the 2018 audit will be the first year of that five-year services contract with BerganKDV.

BerganKDV has issued a clean ("unmodified") opinion on the city's 2018 financial statement audit. We are happy to report that there were no audit findings for 2018. In addition, as the city expended more than $750,000 of federal grant funds in 2018, the city was required to obtain a separate federal single audit.

Steve Wischmann, partner with BerganKDV, will attend the city council meeting to discuss the results of the 2018 Comprehensive Annual Financial Report and the audit. He will be available to respond to any questions of the council regarding the same.

Recommendation

No action is required of the city council; the auditor's report is informational only.

Submitted through:
   Geralyn Barone, City Manager

Originated by:
   Merrill King, Finance Director
   Joel Merry, Assistant Finance Director
City of Minnetonka  
Hennepin County, Minnesota  

Communications Letter  

December 31, 2018
City of Minnetonka
Table of Contents

Report on Matters Identified as a Result of the Audit of the Financial Statements 1

Required Communication 3

Financial Analysis 7

Emerging Issues 17
Report on Matters Identified as a Result of the Audit of the Financial Statements

Honorable Mayor and Members of the City Council and Management
City of Minnetonka
Minnetonka, Minnesota

In planning and performing our audit of the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of and for the year ended December 31, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error, or fraud may occur and not be detected by such controls.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows: reasonably possible – the change of the future event or events occurring is more than remote but less than likely; probable – the future event or events are likely to occur. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

The accompanying memorandum also includes financial analysis provided as a basis for discussion. The matters discussed herein were considered by us during our audit and they do not modify the opinion expressed in our Independent Auditor's Report dated June 14, 2019, on such statements.
This communication is intended solely for the information and use of the Members of the City Council and management and others within the City and state oversight agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Bergan KDV, Ltd.

St. Cloud, Minnesota
June 14, 2019
City of Minnetonka
Required Communication

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2018. Professional standards require that we advise you of the following matters related to our audit.

OUR RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENT AUDIT

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with Uniform Guidance, we examined, on a test basis, evidence about the City's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement applicable to each of its major federal programs for the purpose of expressing an opinion on the City's compliance with those requirements. While our audit provided a reasonable basis for our opinion, it did not provide a legal determination on the City’s compliance with those requirements.

Generally accepted accounting principles provide for certain Required Supplementary Information (RSI) to supplement the basic financial statements. Our responsibility with respect to the RSI, which supplements the basic audit financial statements, is to apply certain limited procedures in accordance with generally accepted auditing standards. However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the supplementary information accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.
PLANNED SCOPE AND TIMING OF THE AUDIT

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit involved judgment about the number of transactions to be examined and the areas to be tested.

Our audit included obtaining an understanding of the City and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Material misstatements may result from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the City or to acts by management or employees acting on behalf of the City.

COMPLIANCE WITH ALL ETHICS REQUIREMENTS REGARDING INDEPENDENCE

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in the notes to financial statements. There have been no initial selection of accounting policies and no changes to significant accounting policies or their application during 2018. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Depreciation – The City is currently depreciating its capital assets over their estimated useful lives, as determined by management, using the straight-line method.

Total Other Post Employment Benefits (OPEB) Liability, Deferred Outflows of Resources Related to OPEB and Deferred Inflows of Resources Related to OPEB – These balances are based on an actuarial study using the estimates of future obligations of the City for post employment benefits.

Net Pension Liability, Deferred Outflows of Resources Relating to Pensions and Deferred Inflows of Resources relating to Pensions – These balances are based on an allocation by the pension plans using estimates based on contributions.

Expense Allocation – Certain expenses are allocated to programs based on an estimate of the benefit to that particular program.
QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES (CONTINUED)

We evaluated the key factors and assumptions used to develop the accounting estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE AUDIT

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

UNCORRECTED AND CORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

REPRESENTATIONS REQUESTED FROM MANAGEMENT

We requested certain written representations from management, which are included in the management representation letter.

MANAGEMENT'S CONSULTATIONS WITH OTHER ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management has informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

OTHER SIGNIFICANT MATTERS, FINDINGS, OR ISSUES

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating conditions affecting the City, and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.
OTHER MATTERS

We applied certain limited procedures to the RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.
The following pages provide graphic representation of select data pertaining to the financial position and operations of the City for the past five years. Our analysis of each graph is presented to provide a basis for discussion of past performance and how implementing certain changes may enhance future performance.

**GENERAL FUND**

At December 31, 2018, the General Fund unassigned/assigned fund balance was $22,479,583, an increase of 8.6%, or $1,777,348, from the 2017 unassigned/assigned fund balance. The components of fund balance for the General Fund and fund balance as a percent of subsequent years’ budget are depicted in the graphs below and on the following page.
FUND BALANCE

The table and graph below shows the percentage of the next year’s expenditures covered by the General Fund’s unreserved fund balance for the past five years. (Note: The next year’s annual expenditures for 2018 are based on budgeted expenditures for 2019.)

Assigned and Unassigned General Fund Balance Compared to Annual Expenditures

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Assigned &amp; Unassigned Fund Balance</th>
<th>Next Year's Annual Expenditures</th>
<th>Percentage of Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$16,337,375</td>
<td>$29,335,835</td>
<td>55.7%</td>
</tr>
<tr>
<td>2015</td>
<td>18,392,724</td>
<td>29,900,934</td>
<td>61.5%</td>
</tr>
<tr>
<td>2016</td>
<td>19,865,422</td>
<td>31,739,317</td>
<td>62.6%</td>
</tr>
<tr>
<td>2017</td>
<td>20,702,235</td>
<td>32,849,188</td>
<td>63.0%</td>
</tr>
<tr>
<td>2018</td>
<td>22,479,583</td>
<td>36,082,200</td>
<td>62.3%</td>
</tr>
</tbody>
</table>

Unassigned/Assigned General Fund Balance Compared to Annual Expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Assigned/Unassigned General Fund Balance</th>
<th>Next Year's Annual Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$16,337,375</td>
<td>$29,335,835</td>
</tr>
<tr>
<td>2015</td>
<td>$18,392,724</td>
<td>$29,900,934</td>
</tr>
<tr>
<td>2016</td>
<td>$19,865,422</td>
<td>$31,739,317</td>
</tr>
<tr>
<td>2017</td>
<td>$20,702,235</td>
<td>$32,849,188</td>
</tr>
<tr>
<td>2018</td>
<td>$22,479,583</td>
<td>$36,082,200</td>
</tr>
</tbody>
</table>
GENERAL FUND REVENUES

The chart below depicts the General Fund revenues by source for the past five years. Overall, revenues increased $2,430,131, or 7.6%, from the prior year, increasing from $32,149,230 to $34,579,361.

Property tax revenue increased by $1,201,421 due to an increase in the levy and a decrease in delinquent taxes uncollected. Property taxes are the main source of revenue for the General Fund and with fluctuations in other sources; these funds are more heavily relied upon.

Licenses and permits increased from the prior year by $742,843 or 18.4% due to an increase in new development building activity that generated additional license and permit revenue.

Charges for service, fines and forfeitures and interest revenue make up other revenue, which increased by $525,782 or 17.8% when compared with the prior year. Increased investment earnings and greater recreation program revenue contributed to the uptick in 2018.

Intergovernmental revenues were fairly consistent with the prior year.
GENERAL FUND EXPENDITURES

The chart below presents General Fund expenditures by function for the past five years. In the past year, General Fund expenditures increased by $1,109,871, or 3.5%, from $31,739,317 to $32,849,188.

Park and recreation had the highest increase in 2018, $548,121. General government expenditures increased by $469,898. The majority of increases from the prior year are a result of increased wages due to staffing additions and additional wages for election officials in 2018.
GENERAL FUND BUDGET TO ACTUAL

For the year ended December 31, 2018, the City budgeted for expenditures and transfers out from the General Fund to exceed revenues and transfers in by $1,100,100. Actual revenues and transfers in exceeded expenditures and transfers out by $1,774,540.

Revenues were over budget by $1,941,261, or 5.9%. Licenses and permits were over budget $1,309,716 due to considerable development building activity and conservative budgeting. Miscellaneous and investment income was over budget $298,612 due primarily to higher investment earnings than anticipated. All other sources of revenue were relatively consistent with the budget in 2018.

Expenditures were $950,412, or 2.8% under budget. While all departments were under budget, the most significant variances were in park and recreation and public safety due to conservative budgeting.

<table>
<thead>
<tr>
<th></th>
<th>Final Budget</th>
<th>Actual Amounts</th>
<th>Over (Under) Budget</th>
<th>Budget Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes and assessments</td>
<td>$25,092,800</td>
<td>$25,206,803</td>
<td>$114,003</td>
<td>0.5%</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>3,473,400</td>
<td>4,783,116</td>
<td>1,309,716</td>
<td>37.7%</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>1,005,600</td>
<td>1,112,186</td>
<td>106,586</td>
<td>10.6%</td>
</tr>
<tr>
<td>Charges for services</td>
<td>1,626,800</td>
<td>1,770,009</td>
<td>143,209</td>
<td>8.8%</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>433,500</td>
<td>402,635</td>
<td>(30,865)</td>
<td>-7.1%</td>
</tr>
<tr>
<td>Miscellaneous and investment Income</td>
<td>1,006,000</td>
<td>1,304,612</td>
<td>298,612</td>
<td>29.7%</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>32,638,100</td>
<td>34,579,361</td>
<td>1,941,261</td>
<td>5.9%</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General government</td>
<td>4,855,200</td>
<td>4,644,419</td>
<td>(210,781)</td>
<td>-4.3%</td>
</tr>
<tr>
<td>Development services</td>
<td>3,843,800</td>
<td>3,851,766</td>
<td>7,966</td>
<td>0.2%</td>
</tr>
<tr>
<td>Public works</td>
<td>4,829,800</td>
<td>4,653,537</td>
<td>(176,263)</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Public safety</td>
<td>14,036,500</td>
<td>13,742,140</td>
<td>(294,360)</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Park and recreation</td>
<td>6,234,300</td>
<td>5,957,326</td>
<td>(276,974)</td>
<td>-4.4%</td>
</tr>
<tr>
<td><strong>Total expenditures</strong></td>
<td>33,799,600</td>
<td>32,849,188</td>
<td>(950,412)</td>
<td>-2.8%</td>
</tr>
<tr>
<td><strong>Other Financing Sources (Uses)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net transfers in (out)</td>
<td>61,400</td>
<td>44,211</td>
<td>(17,189)</td>
<td>-28%</td>
</tr>
<tr>
<td><strong>Net Change in Fund Balance</strong></td>
<td>$ (1,100,100)</td>
<td>$ 1,774,384</td>
<td>$ 2,874,484</td>
<td>261%</td>
</tr>
</tbody>
</table>
City of Minnetonka
Financial Analysis

ENTERPRISE FUNDS

The following graphs show the performance of the Enterprise Funds for the last five years.

Water and Sewer Utility Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Operating Expenses</th>
<th>Operating Income Before Depreciation</th>
<th>Operating Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>11,477,857</td>
<td>9,839,914</td>
<td>1,637,943</td>
<td>$(1,902,783)</td>
</tr>
<tr>
<td>2015</td>
<td>14,394,358</td>
<td>10,675,704</td>
<td>3,718,654</td>
<td>139,359</td>
</tr>
<tr>
<td>2016</td>
<td>14,137,665</td>
<td>9,150,361</td>
<td>4,987,304</td>
<td>1,417,121</td>
</tr>
<tr>
<td>2017</td>
<td>17,165,306</td>
<td>10,381,851</td>
<td>6,783,455</td>
<td>3,064,864</td>
</tr>
<tr>
<td>2018</td>
<td>17,196,532</td>
<td>10,036,771</td>
<td>7,159,761</td>
<td>3,161,422</td>
</tr>
</tbody>
</table>

Ice Arena Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Operating Expenses</th>
<th>Operating Income Before Depreciation (Loss)</th>
<th>Operating Income (Loss)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>923,141</td>
<td>939,071</td>
<td>(15,930)</td>
<td>(313,356)</td>
</tr>
<tr>
<td>2015</td>
<td>845,207</td>
<td>882,492</td>
<td>(37,285)</td>
<td>(337,054)</td>
</tr>
<tr>
<td>2016</td>
<td>871,738</td>
<td>836,330</td>
<td>35,408</td>
<td>(134,683)</td>
</tr>
<tr>
<td>2017</td>
<td>893,463</td>
<td>906,818</td>
<td>(13,355)</td>
<td>(182,983)</td>
</tr>
<tr>
<td>2018</td>
<td>866,916</td>
<td>866,404</td>
<td>512</td>
<td>(168,396)</td>
</tr>
</tbody>
</table>
City of Minnetonka
Financial Analysis

ENTERPRISE FUNDS (CONTINUED)

Environmental Fund Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>745,203</td>
<td>758,753</td>
<td>815,365</td>
<td>840,643</td>
<td>829,332</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>711,219</td>
<td>785,276</td>
<td>746,933</td>
<td>753,796</td>
<td>822,133</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>33,984</td>
<td>(26,523)</td>
<td>68,432</td>
<td>86,847</td>
<td>7,199</td>
</tr>
</tbody>
</table>

Williston Center Operations

<table>
<thead>
<tr>
<th>Year</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>2,492,730</td>
<td>2,395,503</td>
<td>2,525,460</td>
<td>2,728,004</td>
<td>2,739,842</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>1,877,497</td>
<td>1,981,182</td>
<td>2,304,120</td>
<td>2,242,245</td>
<td>2,408,697</td>
</tr>
<tr>
<td>Operating Income Before Depreciation</td>
<td>615,233</td>
<td>414,321</td>
<td>221,340</td>
<td>485,759</td>
<td>331,145</td>
</tr>
<tr>
<td>Operating Income</td>
<td>331,959</td>
<td>131,056</td>
<td>83,693</td>
<td>330,883</td>
<td>172,126</td>
</tr>
</tbody>
</table>
City of Minnetonka
Financial Analysis

ENTERPRISE FUNDS (CONTINUED)

Gray's Bay Marina Operations

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>217,819</td>
<td>243,303</td>
<td>237,720</td>
<td>253,784</td>
<td>279,947</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>156,380</td>
<td>180,869</td>
<td>175,897</td>
<td>172,917</td>
<td>198,182</td>
</tr>
<tr>
<td>Operating Income Before Depreciation</td>
<td>61,439</td>
<td>62,434</td>
<td>61,823</td>
<td>80,867</td>
<td>81,765</td>
</tr>
<tr>
<td>Operating Income</td>
<td>36,788</td>
<td>37,783</td>
<td>37,105</td>
<td>56,216</td>
<td>57,114</td>
</tr>
</tbody>
</table>

Storm Water Operations

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>2,297,298</td>
<td>2,370,289</td>
<td>2,440,690</td>
<td>2,518,112</td>
<td>2,599,644</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>578,627</td>
<td>415,277</td>
<td>485,172</td>
<td>733,888</td>
<td>880,116</td>
</tr>
<tr>
<td>Operating Income Before Depreciation</td>
<td>1,718,671</td>
<td>1,955,012</td>
<td>1,955,518</td>
<td>1,784,224</td>
<td>1,719,528</td>
</tr>
<tr>
<td>Operating Income</td>
<td>878,819</td>
<td>1,075,506</td>
<td>1,048,945</td>
<td>880,128</td>
<td>769,311</td>
</tr>
</tbody>
</table>
## Enterprise Funds (Continued)

### Operating Ratios - Expenses as Percentage of Revenues

**Enterprise Funds - Year Ended December 31, 2018**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Fund</td>
<td>85.7%</td>
<td>101.7%</td>
<td>95.4%</td>
<td>75.3%</td>
<td>71.8%</td>
</tr>
<tr>
<td>Ice Arena</td>
<td>74.2%</td>
<td>104.4%</td>
<td>103.5%</td>
<td>82.7%</td>
<td>74.3%</td>
</tr>
<tr>
<td>Environmental</td>
<td>64.7%</td>
<td>95.9%</td>
<td>91.6%</td>
<td>91.2%</td>
<td>74.0%</td>
</tr>
<tr>
<td>Williston Fitness Center</td>
<td>60.5%</td>
<td>101.5%</td>
<td>89.7%</td>
<td>82.2%</td>
<td>68.1%</td>
</tr>
<tr>
<td>Grays Bay Marina</td>
<td>58.4%</td>
<td>99.9%</td>
<td>99.1%</td>
<td>87.9%</td>
<td>70.8%</td>
</tr>
<tr>
<td>Storm Water</td>
<td>0.0%</td>
<td>20.0%</td>
<td>40.0%</td>
<td>60.0%</td>
<td>80.0%</td>
</tr>
</tbody>
</table>

- Utility Fund
- Ice Arena
- Environmental
- Williston Fitness Center
- Grays Bay Marina
- Storm Water
TAX LEVY, CAPACITY, AND RATES

The graph below presents information relating to the City's tax levy, tax capacity, and rates.

The levy for 2018 includes the General Fund levy of $25,447,828 plus levy amounts for the Street Improvement Fund and Capital Replacement Fund of $6,300,000 and $2,045,000, respectively.

As illustrated below, the taxable tax capacity of the City has experienced a steady increase over the last five years. While the City has increased the levy during this period, the tax capacity rate has declined because of increases in market values and tax capacity.
Executive Summary
The following is an executive summary of financial and business related updates to assist you in staying current on emerging issues in accounting and finance. This summary will give you a preview of the new standards that have been recently issued and what is on the horizon for the near future. The most recent and significant updates include:

- **Accounting Standard Update – GASB Statement No. 84 – Fiduciary Activities** – GASB has issued GASB Statement No. 84 relating to accounting and financial reporting for fiduciary activities. This new statement establishes clarity to determine when a government has fiduciary responsibility for a certain activity.

- **Accounting Standard Update – GASB Statement No. 87 – Leases** – GASB has issued GASB Statement No. 87 relating to accounting and financial reporting for leases. This new statement establishes a single model for lease accounting based on the principle that leases are financing of the right to use an underlying asset.

The following are extensive summaries of each of the current updates. As your continued business partner, we are committed to keeping you informed of new and emerging issues. We are happy to discuss these issues with you further and their applicability to your City.

**ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – FIDUCIARY ACTIVITIES**

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

GASB Statement No. 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.
ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 84 – FIDUCIARY ACTIVITIES (CONTINUED)

GASB Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.

ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

A short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract.

A lessee should recognize a lease liability and a lease asset at the commencement of the lease term, unless the lease is a short-term lease or it transfers ownership of the underlying asset. The lease liability should be measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset should be measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. A lessee should reduce the lease liability as payments are made and recognize an outflow of resources (for example, expense) for interest on the liability. The lessee should amortize the lease asset in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. The notes to financial statements should include a description of leasing arrangements, the amount of lease assets recognized, and a schedule of future lease payments to be made.
ACCOUNTING STANDARD UPDATE – GASB STATEMENT NO. 87 – LEASES
(CONTINUED)

A lessor should recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases, and leases that transfer ownership of the underlying asset. A lessor should not derecognize the asset underlying the lease. The lease receivable should be measured at the present value of lease payments expected to be received during the lease term. The deferred inflow of resources should be measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. A lessor should recognize interest revenue on the lease receivable and an inflow of resources (for example, revenue) from the deferred inflows of resources in a systematic and rational manner over the term of the lease. The notes to financial statements should include a description of leasing arrangements and the total amount of inflows of resources recognized from leases.

GASB Statement No. 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Information provided above was obtained from www.gasb.org.
City of Minnetonka
Hennepin County, Minnesota

Schedule of Expenditures of Federal Awards and Independent Auditor's Reports

December 31, 2018
City of Minnetonka
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Schedule of Expenditures of Federal Awards 1

Notes to Schedule of Expenditures of Federal Awards 2

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Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards Required by Uniform Guidance 5

Schedule of Findings and Questioned Costs 8

Minnesota Legal Compliance 10
City of Minnetonka  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Federal Agency/Pass Through Agency/Program Title</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
</table>
| **U.S. Department of Housing and Urban Development**  
Received directly  
Community Development Block Grant - Entitlement Grant | 14.218 | $56,955 |
| **U.S. Department of Justice**  
Passed through the State of Minnesota  
Bulletproof Vest Partnership Program | 16.607 | 4,508 |
| **U.S. Department of Transportation**  
Passed through Minnesota Department of Transportation  
Highway Planning and Construction | 20.205 | 4,504,000 |

Passed through the State of Minnesota  
State and Community Highway Safety  
Towards Zero Deaths  
DWI Enforcement  
Total U.S. Department of Transportation | 20.600 | 20.608 | 20.616 | 4,546,330 |

Total Federal Expenditures | 4,607,793 |

See Notes to Schedule of Expenditures of Federal Awards.
NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Minnetonka, Minnesota and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

NOTE 2 – PASS-THROUGH GRANT NUMBERS

All pass-through entities listed previously use the same CFDA numbers as the federal grantors to identify these grants and have not assigned any additional identifying numbers.

NOTE 3 – INDIRECT COST RATE

The City did not elect to use the 10 percent de minimis indirect cost rate.
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Minnetonka
Minnetonka, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2019.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.
Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

St. Cloud, Minnesota
June 14, 2019
Report on Compliance for each Major Program
and Report on Internal Control over Compliance In Accordance
With the Uniform Guidance

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Minnetonka
Minnetonka, Minnesota

Report on Compliance for Each Major Federal Program
We have audited the compliance of the City of Minnetonka, Minnesota, with the types of compliance
requirements described in the OMB Compliance Supplement that could have a direct and material effect
on each of the City's major federal programs for the year ended December 31, 2018. The City's major
federal programs are identified in the summary of auditor's results section of the accompanying Schedule
of Findings and Questioned Costs.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and
conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the City's major federal programs
based on our audit of the types of compliance requirements referred to above. We conducted our audit of
compliance in accordance with auditing standards generally accepted in the United States of America;
the standards applicable to financial audits contained in Government Auditing Standards, issued by the
Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal
Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit
Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance
require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance
with the types of compliance requirements referred to above that could have a direct and material effect
on a major federal program occurred. An audit includes examining, on a test basis, evidence about the
City's compliance with those requirements and performing such other procedures as we considered
necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major
federal program. However, our audit does not provide legal determination of the City's compliance.
Opinion on Each Major Federal Program
In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of and for the year ended December 31, 2018, and have issued our report thereon dated June 14, 2019, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Bergan KDV, Ltd.

St. Cloud, Minnesota
June 14, 2019
City of Minnetonka
Schedule of Findings and Questioned Costs

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
• Material weakness(es) identified? No
• Significant deficiency(ies) identified? No

Noncompliance material to financial statements noted? No

Federal Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:
• Material weakness(es) identified? No
• Significant deficiency(ies) identified? No

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of Major Programs

CFDA No.: 20.205

Name of Federal Program or Cluster: Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low risk auditee? No
SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV – SUMMARY OF PREVIOUS AUDIT FINDINGS

None
Minnesota Legal Compliance

Independent Auditor’s Report

Honorable Mayor and Members
of the City Council
City of Minnetonka
Minnetonka, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetonka, Minnesota as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 14, 2019.

The Minnesota Legal Compliance Audit Guide for Cities, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Minnetonka, Minnesota, failed to comply with the provisions of the Minnesota Legal Compliance Audit Guide for Cities. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

St. Cloud, Minnesota
June 14, 2019
Minnetonka, MN
Comprehensive Annual Financial Report
FOR THE YEAR ENDED DECEMBER 31, 2018
COMPREHENSIVE ANNUAL
FINANCIAL REPORT

OF THE CITY OF
MINNETONKA, MINNESOTA

For the Year Ended December 31, 2018

Geralyn R. Barone - City Manager
Merrill S. King – Finance Director/Treasurer
Joel W. Merry – Assistant Finance Director

PREPARED BY: DEPARTMENT OF FINANCE

Members of Government Finance Officers Association
of the United States and Canada
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Hennepin County, Minnesota

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CITY OF MINNETONKA  
Hennepin County, Minnesota

ELECTED OFFICIALS AND ADMINISTRATION  
As of December 31, 2018

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<tr>
<th>Elected Officials</th>
<th>Position</th>
<th>Office Expires</th>
</tr>
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<tbody>
<tr>
<td>Brad Wiersum</td>
<td>Mayor</td>
<td>December 31, 2021</td>
</tr>
<tr>
<td>Deb Calvert</td>
<td>Council Member at Large</td>
<td>December 31, 2021</td>
</tr>
<tr>
<td>Patty Acomb</td>
<td>Council Member at Large</td>
<td>December 31, 2021</td>
</tr>
<tr>
<td>Bob Ellingson</td>
<td>Council Member - Ward 1</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>Rebecca Schack</td>
<td>Council Member - Ward 2</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>Mike Happee</td>
<td>Council Member - Ward 3</td>
<td>December 31, 2019</td>
</tr>
<tr>
<td>Tim Bergstedt</td>
<td>Council Member - Ward 4</td>
<td>December 31, 2019</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administration</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Geralyn R. Barone</td>
<td>City Manager</td>
</tr>
<tr>
<td>Perry L. Vetter</td>
<td>Assistant City Manager</td>
</tr>
<tr>
<td>Merrill S. King</td>
<td>Finance Director/Treasurer</td>
</tr>
<tr>
<td>Joel W. Merry</td>
<td>Assistant Finance Director</td>
</tr>
</tbody>
</table>
City of Minnetonka, MN

MINNETONKA CITY COUNCIL
(Economic Development Authority)

Mayor Brad Wiersum

Council Members at Large:
Deb Calvert
Patty Acomb

Ward Representation:
Ward 1: Bob Ellingson
Ward 2: Rebecca Schack
Ward 3: Mike Happee
Ward 4: Tim Bergstedt

CITY MANAGER
Geralyn Barone

PUBLIC SAFETY

POLICE
Chief Scott Boerboom
Patrol
Investigation
9-1-1 Dispatch
Support Services

FIRE
John Vance
Emergency Management
Inspection
Prevention
Response

PUBLIC WORKS

Brian Wagstrom
Streets
Water & Sewer
Parks, Buildings & Grounds
Natural Resources
Recycling

PUBLIC WORKS

PARKS & RECREATIONS

RECREATION SERVICES
Kelly O’Dea
Recreation programs
Ice Arena
Williston Center
Gray’s Bay Marina
Senior Services

DEVELOPMENT SERVICES

COMMUNITY DEVELOPMENT
Julie Wischnack
Inspections
Environmental Health
Licensing
Planning & Zoning

ENGINEERING
Will Manchester
Street & Utility
Planning & Design

ADMINISTRATION

ADMINISTRATIVE SERVICES
Perry Vetter
City Clerk & Elections
Human Resources
Information Technology
Communications
Risk Management

FINANCE
Merrill King
Accounting
Budget
Payroll
Utility Billing
Assessing
Special Assessments

BOARDS & COMMISSIONS
Charter Commission
Planning Commission
Economic Development Advisory Committee
Park Board
Senior Citizen Advisory Board

City Attorney
Corrine Heine

LEGAL
Corrine Heine
Prosecution
Legal advice to the city
June 14, 2019

Honorable Mayor and Members of the City Council
City of Minnetonka, Minnesota

Mayor and City Council Members:

The Comprehensive Annual Financial Report of the City of Minnetonka, Minnesota (the city) for the fiscal year ended December 31, 2018 is hereby submitted. The report was prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the Government Accounting Standards Board and meets the requirements of the State Auditor’s Office.

The report consists of management’s representations concerning the finances of the city. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, management of the city has established internal controls designed to protect the city’s assets from loss, theft or misuse and to provide sufficient information for the preparation of these financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh the benefits, the city’s internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatements. As management, we assert that to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

The city’s financial statements have been audited by BerganKDV, Ltd. The goal of the independent audit was to provide reasonable assurance that the financial statements of the city for the year ended December 31, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates used by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was reasonable basis for rendering an unmodified opinion that the city’s financial statements, for the year ended December 31, 2018, are fairly presented in conformity with GAAP. The independent auditor’s report is presented in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The city’s MD&A can be found in the financial section of this report immediately following the report of the independent auditors.
THE REPORTING ENTITY AND ITS SERVICES

With a staff of around 252 regular, full-time equivalent employees, the city provides its residents and businesses with a full range of municipal services consisting of public safety (police, fire, and health inspection), public works, parks and recreation, development, engineering, and general administrative services. It also operates six enterprises: a public water and sewer utility, a storm water utility, a municipal ice arena, a fitness center, a marina, and an environmental recycling program.

ECONOMIC CONDITION AND OUTLOOK

The city is a suburban community located eight miles west of Minneapolis in Hennepin County. The city has a land area of 28 square miles, and its 2018 population estimate of 53,713 makes it the fourteenth largest city in Minnesota. Minnetonka enjoys an excellent location, with convenient access to the Minneapolis-Saint Paul metropolitan area via interstate highways I-494 and I-394. Interstate 394 runs from Minnetonka east to Minneapolis, and is a primary 15-minute commuter route to downtown Minneapolis. The city is also just 15 minutes from the Minneapolis-Saint Paul International Airport.

Minnetonka serves as the corporate headquarters location for many national and international businesses, including United Health Group, Cargill, Carlson Companies, American Family Insurance, Opus Northwest, Medica and others. The city has three premier business parks - Carlson Center, Opus Center, and Minnetonka Corporate Center. These offer excellent locations for business that continue to experience new development and major expansion of existing businesses. As a result, Minnetonka also enjoys a large employment base, which has remained relatively stable over the past ten years despite the recession. There are over 46,000 jobs in Minnetonka, with most jobs in the professional, managerial, and retail sectors.

Since 2002, the city has been working with the Hennepin County Regional Rail Authority and the Metropolitan Council on the Southwest Light Rail Transit (LRT) project. The Southwest LRT (Green Line Extension) will connect the southwestern suburbs with Minneapolis and St. Paul. Specifically, it will enter the eastern portion of Minnetonka near the Shady Oak Road/Excelsior Boulevard area and travel south through the Opus Business Center, before continuing into Eden Prairie, the suburb on the southern border of the city. Full engineering design plans were completed in 2016, construction began in 2019, and the route is expected to be operational in 2023.

In anticipation of LRT, the city has seen significant investment in the Opus Business Center, an area of over 640 acres. Investments since 2008 have included multiple office expansions totaling nearly 850,000 square feet, adding nearly 4,000 employees, and a $17 million capital expansion of its only state highway interchange. Since 2016, additional developments are in different stages of planning to active construction, including redevelopment of a former office site into a 330-unit multi-family apartment project, a 482-unit senior and general occupancy apartment complex and a 256 unit multi-family apartment project. The city’s multi-year capital budget includes nearly $30 million in additional funding for other key roadway and infrastructure improvements in the Opus Business District that will be needed for the LRT and the anticipated redevelopment of the area.

Minnetonka is also a key location for retailing. The city is home to Ridgedale, a 1.4-million-square-foot regional shopping center. Its anchor stores include Macy’s, JC Penney, and
Nordstrom, the latter of which opened in 2015. A number of other retail centers are clustered near Ridgedale, including Ridgehaven Mall (which is anchored by a Target store and Lunds & Byerlys grocery store), Ridge Square North, Ridge Square South, Ridgedale Festival, and West Marine Plaza. The Ridgedale area is also home to a Hennepin County Service Center, District Court, a Regional Library, and the Ridgedale YMCA.

In 2013, the city completed a master planning study of the Ridgedale area, and in 2017, the city developed award winning Public Realm Guidelines for the area. These documents include both retail and residential plans encompassing land use, design, transportation, and pedestrian connections as part of a complete vision for the area. In 2016, the Highland Bank site was fully redeveloped into 115 units of apartments with ground floor retail, and in 2018, the TCF Bank site was reconstructed and redeveloped to add retail shops to its parcel. Two more sites within and adjacent to the mall are now under construction for higher density residential, a 77-unit luxury apartment building and a 168-unit active adult apartment building. During the summer of 2019, the city began reconstruction of the road around the mall to include three traffic circles, a landscaped boulevard, and extensive pedestrian and biking pathways along both sides that will connect a new 2-acre public park with improved park amenities at an adjacent public lake.

In conjunction with all of these developments in the Ridgedale area, the city also worked with state and federal highway agencies to fund and approve a new entrance ramp from Ridgedale Drive onto westbound I-394, which was completed and opened in 2014. In 2018, the city completed significant improvements to the transportation corridor, including pedestrian improvements, from the primary mall property and I-394 into the Ridgehaven mall area. The $11 million project was financed without debt and with the assistance of mall property owners as well as federal transportation funding. In 2019, the city will complete construction of a significant hike and bike pathway and sidewalk to safely connect single family residential properties to the south of the mall to the retail area and to support alternative transportation.

Interest in economic development continues along the I-394 corridor in Minnetonka. Since the Crest Ridge redevelopment project completed its first phase of construction in 2008, a second phase with 150 units of multi-family senior apartments was completed in early 2019.

Minnetonka has worked hard to provide more affordable housing in the community and has added nearly 700 affordable units since its decision to participate actively in the Metropolitan Council’s Livable Communities Program in 1996. Since 2001, the city has financially assisted the West Hennepin Affordable Housing Land Trust (WHAHLT) in preserving 58 scattered-site affordable homes in Minnetonka. In many new developments underway since 2016, the city has been successful in incorporating affordable housing within market rate multi-unit projects. These include the Overlook Apartments, At Home Apartments, Cherrywood Point, the RiZe, Applewood Pointe, the Orchards of Minnetonka, and Havenwood. The city has approved and anticipates construction completion of another 1,084 privately developed affordable units between 2019 and 2022.

Minnetonka has a history of strong construction activity, including major new buildings and the expansion of existing buildings, and this experience continues today. In 2018, building permits were issued for $167 million of construction work. Commercial construction of multiple projects included construction of iFly indoor skydiving facility and significant remodeling projects of the Ridgedale Target, four large office buildings owned by United Health Group, Carlson Towers, and Morrie’s Mazda. Residential additions and remodeling also continue to be a significant part of Minnetonka’s construction activity that currently include plans for more than six multi-family residential developments in various stages of the development process.
The city’s healthy economic base and its sound financial condition have helped maintain a “Aaa” bond rating from Moody’s Investors Services. This top rating from Moody’s is shared by only six percent of local governments in the U.S., including school districts.

**IMPORTANT PLANS, CURRENT PROJECTS AND FUTURE PROSPECTS**

In 2016, the city completed a process of community engagement to update its Strategic Profile. This strategic plan articulates the city’s mission, goals and strategies and thereby guides the government’s organizational management, use of resources, development and capital investments. Progress in achieving the stated goals and strategies is jointly reviewed and updated annually by the city council and staff.

In lockstep with the Strategic Profile process in 2018, the city completed an update to its 20-year Comprehensive Plan, which specifically guides the city’s development and land use through the year 2040. The last version of the plan, which was completed in 2008, provides detailed analysis on thirteen “village” and “regional” centers, where there are development and redevelopment opportunities to encourage vitality, promote identity and improve livability.

These plans affect a full array of city facilities, and Minnetonka has a record of adding and/or refurbishing such public facilities as they enhance the quality of life in the community. In addition to 11 athletic fields, 16 ice rinks including an ice arena with two sheets, and a boat marina, major city facilities include:

- **Williston Center** – The city acquired its fitness center in 1995, and expansion and renovation projects were completed in 1998 as well as in 2011. Since the latest remodeling, the center has experienced unprecedented growth in its use, quadrupling membership from around 2,100 in 2009 to a current approximately 9,500 members as of 2019. Non-member daily use increased from around 200,000 during 2011 to over 310,000 annually now.

- **Shady Oak Beach** – The beach has been operated jointly by the cities of Minnetonka and Hopkins for many decades and includes shower room facilities, concession stand, a children’s play area, diving platform and picnicking facilities. In 2010, the city renovated the facility’s play area and related equipment in order to meet new state standards and update some of the amenities.

- **Neighborhood and community parks** – In 2012, Minnetonka completed a significant renewal of 42 neighborhood and community parks, which was begun a decade earlier. The parks renewal program, and related open space acquisitions, were funded through a $15 million referendum passed in 2001. Since the program’s completion, the city has incorporated into its capital program a long term, annually funded, capital maintenance plan for all of its 50 parks, to avoid the need for future such referendums.

- **Public trails, sidewalks and pedestrian features** – The city currently maintains over 105 miles of trails and sidewalks throughout its boundaries and in 2016 completed an update to its long-range plan for completing and improving the system to enhance safety and sustainable transportation. In 2018, the city council authorized expansion of a current utility franchise agreement and the addition of another franchise agreement, which will garner fee revenue to support the build-out of the plan over time. The city’s new five-
year capital plan incorporates that ongoing funding mechanism to pay for the construction of five more trail miles by the end of 2024.

The city conducts an annual community-wide survey to gauge its citizens’ satisfaction of city services as well as help the organization direct its planning and services towards the goals supported by its constituency. Results of the statistically significant survey consistently indicate substantial support for prioritizing preservation of natural resources and open space. As a result, the Strategic Profile, comprehensive plan and other actions by the city emphasize its commitment to the areas of parks, the environment and open space.

The city preserves around 1,000 natural acres of public parkland and devotes substantial resources to the environmental stewardship as well as educating and assisting its citizens with natural resource conservation issues. Natural resources staff manages a vigorous program that includes diseased tree eradication and reforestation, ecosystem restoration, enforcement of natural resource ordinances, and wetland and water body evaluation and monitoring. In addition to its ongoing efforts related to elm and oak tree diseases, in 2014, the city began a multi-year plan to prepare the community for the complete loss of all ash trees in the area due to the emerald ash borer, which was discovered to be present in the city in 2019.

The municipal and sanitary sewer systems are also covered by the comprehensive plan to ensure that its capacity and funding meet future requirements over the next 20 years. In 2015, staff began implementing a newly developed long-term capital plan along with an associated financial bonding and rate plan to maintain and strategically replace the systems’ valuable infrastructure, which was originally built in the mid-1970s. With the first three in the series of bonds sold between 2016 and 2018, scheduling of utility improvements under the plan align with priority road and storm drainage projects along with systemic analytics of historical water main breaks.

Both economic development and the high standard of living in the community are additionally supported and enhanced by the city’s concerted effort to maintain and improve its road infrastructure. In 2006 and 2007, the city and community significantly increased its property tax levy to support its local road program. The city currently has committed to spending $6 to $12 million annually on the ongoing components of a reconstruction and preservation program to reconstruct and refurbish local roads and extend road life. It does not borrow nor special assess residential properties for local road reconstruction.

Additionally, the city has partnered with Hennepin County and the state to substantially upgrade some of the major transportation routes through the city. The most recent of these costly reconstruction projects include: County Road 101 north of Minnetonka Boulevard, completed in 2017; and County Road 101 south of State Highway 7 to County Road 62, which began in 2015 and its final landscaping completed spring 2018.

Minnetonka conducts many significant cooperative programs with nearby cities, school districts, and the county. One program provides building inspection services to the cities of Deephaven, Greenwood, and Woodland. Another provides for the joint exchange of specialized building inspection services between Minnetonka, the City of St. Louis Park and the City of Bloomington. Similarly, Minnetonka provides health inspection services to the City of Wayzata. The cities of Hopkins and Minnetonka share recreation programs. Minnetonka collaborates with the Hopkins and Minnetonka school districts to provide school liaison officers through the police department. Both the city’s police and fire departments have joint response agreements with neighboring communities, and beginning in 2018, the city now relies upon Hennepin County for public safety
dispatch services. The city also has an innovative cost sharing arrangement with Hennepin County to house some of its trucks and road crew equipment at the city’s 77,000 square foot public works facility.

OTHER FINANCIAL INFORMATION

Relevant Financial Policies

In 2011, the city updated its policy regarding general fund balances to meet the Government Accounting Standard Board’s (GASB’s) new rules and to continue to maintain a prudent level of financial resources to protect itself against temporary revenue shortfalls or unpredicted one-time expenses or mandates. The revised policy provides that balances are committed to reserve funding for liabilities associated with compensated absences of employees and may be assigned for special purposes. Additionally, the policy requires a balance to serve as a budget stabilization reserve, which is equal to 30 to 50 percent of the following year’s operating budget. Balances otherwise available above that reserve and above 40 percent of the following year’s operating budget may be appropriated by the City Council only for one-time costs that have no ongoing financial commitments. Over the last ten years, the city has met these targets and forecasts continuing to do so through the next five years.

Similarly, the City Council established policy goals for cash fund balances in the city’s water and sanitary sewer enterprise fund in 2012. The goals encompass both operating and capital reserves and will continue to serve as significant benchmarks for ongoing implementation of the aforementioned infrastructure and financial plan for the systems begun in 2015.

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

The city maintains an adopted investment policy that is designed to preserve capital while attaining a market-average rate yield consistent with cash flow needs. The policy prioritizes safety, liquidity and yield in that order. The policy is consistent with Minnesota Statutes §118A which governs the investment of all public funds in the state, and the city’s policy further delineates the specific instruments in which it may invest and the maximum percentage of holdings for each. Speculative investments are strictly prohibited, and the maximum average life of the portfolio, excluding investable assets of the city’s capital endowment fund, is capped at five years.

Long-term Financial Planning

The city annually prepares an updated five-year capital improvement plan (CIP) that supports achievement of the city’s long-term strategic goals of providing and maintaining public facilities and infrastructure for its citizens and businesses, balanced against the constraint of available resources. The city charter provides that amendments to the plan, including funding changes,
require a higher threshold of approval through a five-vote majority rather than a simple four-vote majority.

Since 2012, the city prepares an annually updated five- and ten-year economic improvement program (EIP). This comprehensive strategy articulates the city’s economic development priorities and allocates funding for the city’s economic development programs (housing, business, transit, and redevelopment) over a multi-year planning horizon. The EIP informs the annual budget, and its development facilitates periodic review of program performance, funding gaps and any necessary policy realignment.

As part of the city’s annual process in developing both its capital and operating budgets, management forecasts costs and revenues over the same five-year planning horizon as the CIP, setting initial internal goals and thresholds for budget and levy changes. The analysis led to strategic actions by the city in 2009, which resulted in setting up a balanced budget through the recession for the longer term. The actions included some significant organizational restructuring, which in turn led to a six percent reduction in the number of full-time employees, joint service delivery with other cities, and insulation of finances from direct fiscal actions by the state, which would otherwise have created a fiscal imbalance. The city does not receive any direct general-purpose state financial aid and has not since 2001.

Accounting System and Reporting

During the year, the city’s accounting system is maintained primarily on a modified cash basis with certain accruals to provide financial controls. Appropriations are encumbered for major purchase amounts prior to the release of any funding to vendors. This system provides budgetary control on all operating funds at a minimum cost. At year-end, journal entries are prepared by the city’s finance department staff as a preparatory step for completion of the annual financial report. The auditor’s report on these financial statements accompanies the report following this letter. It should be noted that the audit was conducted in accordance with auditing standards generally accepted in the United States of America and Governmental Auditing Standards and an unmodified opinion was issued.

The maintenance and development of the city’s accounting system requires that consideration be given to the adequacy of internal accounting controls. These controls are designed to safeguard assets against loss or unauthorized use and produce fair, reliable, and accurate financial data. The internal control structure is designed to provide reasonable but not absolute assurances. The concept of reasonable assurance recognizes that the cost of internal controls should not exceed the benefits likely to be derived, and the estimation of costs and benefits requires estimates and judgments by management. We believe that the city’s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Minnetonka for its comprehensive annual financial report for the fiscal year ended December 31, 2017. This was the 35th consecutive year that the city has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that complies with
rigorous standards regularly reviewed and updated by the GFOA. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

We wish to express our appreciation to the Mayor and City Council for their continued interest and support in planning and conducting the financial operations of the city in a responsible and progressive manner. We also want to express our appreciation to Joel Merry, Assistant Finance Director, and the finance department staff for their work in preparing this report.

Respectfully submitted,

Geralyn Barone
City Manager

Merrill S. King
Finance Director/Treasurer
Certificate of Achievement for Excellence in Financial Reporting

Presented to
City of Minnetonka
Minnesota

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

December 31, 2017

Christopher P. Morrill
Executive Director/CEO
Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Minnetonka
Minnetonka, Minnesota

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of and for the year ended December 31, 2018, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.
Opinions
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetonka, Minnesota, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 75
As discussed in Note 6 to the financial statements, the City has adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter and the Required Supplementary Information as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minnetonka's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, supplementary financial information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.
Other Matters (Continued)

Other Information (Continued)

The combining and individual fund financial statements and schedules and supplementary financial information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

The City's basic financial statements as of and for the year ended December 31, 2017 which are not presented with the accompanying financial statements were audited by a predecessor auditor in accordance with auditing standards generally accepted in the United States of America. An unmodified opinion was issued June 6, 2018 by the predecessor auditor on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements as a whole. The 2017 actual column in the individual fund budget to actual schedules and the budget to actual schedule of revenues and expenditures for the General Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 actual columns in the individual fund budget to actual schedules and the budget to actual schedule of revenues and expenditures for the General Fund are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.
Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated June 14, 2019, on our consideration of the City of Minnetonka's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Minnetonka's internal control over financial reporting and compliance.

Bergan KDV, Ltd.

St. Cloud, Minnesota
June 14, 2019
SECTION II
FINANCIAL SECTION
This section of the City of Minnetonka’s (the City) comprehensive annual financial report presents a discussion and analysis of the City’s financial performance during the fiscal year ended December 31, 2018. Please read it in conjunction with the transmittal letter at the front of this report and the City’s basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the City by $307,023,574. Of this amount, $95,062,361 may be used to meet the government’s ongoing obligations to citizens and creditors in accordance with the City’s fund designations and fiscal policies.
- The City’s net position increased by approximately $23.1 million from 2018 operations. This increase was due to the City’s planned operations and sound fiscal control.
- The City’s governmental funds reported combined ending fund balances of $92,369,540.

USING THE FINANCIAL SECTION OF THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City’s finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City’s operations in more detail than the government-wide statements by providing information about the City’s funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government.

STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Our analysis of the City begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City’s finances is, “Is the City as a whole better off or worse off as a result of the year’s activities?” The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These Statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two Statements report the City’s net position and changes in them. You can think of the City’s net position – the difference between assets and deferred outflows and liabilities and deferred inflows – as one way to measure the City’s financial health, or financial position. Over time, increases or decreases in the City’s net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City.
FUND FINANCIAL STATEMENTS

Our analysis of the City’s major funds begins with the funds financial statements and provides detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other money (like grants received). The City’s three kinds of funds – governmental, proprietary and fiduciary – use different accounting approaches.

**Governmental funds** – Most of the City’s basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City’s programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a separate reconciliation included after the fund financial statements.

**Proprietary funds** – When the City charges customers for the services it provides – whether to outside customers or to other units of the City – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City’s Enterprise Funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**Fiduciary funds** – The City is the trustee, or fiduciary, for resources collected from homeowners associations to support ecological stewardship programs. Deposits are also held in trust to guarantee the installation and maintenance of erosion and sediment control measures, along with deposits for privately sponsored traffic studies. The resources held in a fiduciary capacity are reported in the Statement of Fiduciary Net Position. We exclude these activities from the City’s other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

**STATEMENT OF NET POSITION**

The City’s combined net position increased from a year ago and the City’s overall financial position has remained stable and healthy. By far, the largest portion of the City of Minnetonka’s net position, $195,646,673 or approximately 63.7%, reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure such as streets and the water and sewer systems). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.
STATEMENT OF NET POSITION (CONTINUED)

Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position, $16,314,540 or approximately 5.3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $95,062,361 or 30.9%, may be used to meet the City’s ongoing obligations to residents and creditors. At the end of the current fiscal year, the City is able to report positive balances in both of the categories of net position reported for the government as a whole.

Governmental Activities

Current and other assets increased $13,799,592. This fluctuation was mostly due to operating revenues exceeding expenditures by $8,650,424 and sound fiscal control by all departments within the City’s General Fund with expenditures coming in approximately $1.0 million less than budgeted.

Capital assets increased by approximately $9.0 million. This change is due mostly to the addition of $3.3 million to work in progress and an additional $9.0 million of new street replacements, offset by $4.7 million in infrastructure depreciation in 2018.

Current and other liabilities increased by approximately $3.3 million due primarily to a $3.0 million increase in contracts payable as well as a $115,000 increase in bonds payable within one year and $161,000 in compensated absences due within one year. Long-term liabilities decreased by approximately $3.5 million primarily due to a $2.9 million decrease in net pension liability for the City’s proportional share of the Public Employees Retirement Association of Minnesota’s multiple-employer, cost sharing, defined benefit pension plans, as well as a $1.4 million decrease in bonds payable due in more than one year offset by a $704,000 increase in OPEB liability.

Business-type Activities

Current and other assets of the City’s business-type activities increased by approximately $10.8 million compared to the prior year. Although overall operating income decreased approximately $250,000 from the prior year reducing overall cash, this was offset by the issuance of $10.0 million of GO Utility Revenue Bonds to continue funding a system wide capital improvement program in the Utility Fund.

Capital assets increased by approximately $3.2 million over the past year. This increase is due primarily to additions to the utility system for the new capital improvement program in the Utility Fund of approximately $6.3 million offset by approximately $3.8 million in depreciation.

Long-term liabilities increased by approximately $9.3 million due to the issuance of the GO Utility Revenue Bonds of $10.0 million and the continual yearly reduction in other existing bonds payable.
Our analysis below focuses on the net position of the City’s governmental and business-type activities.

### STATEMENT OF NET POSITION

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Capital Assets</td>
<td>118,325,538</td>
<td>109,164,802</td>
<td>105,966,822</td>
</tr>
<tr>
<td>Total Assets</td>
<td>230,614,044</td>
<td>207,653,716</td>
<td>146,266,543</td>
</tr>
<tr>
<td>Deferred Outflows of Resources</td>
<td>10,483,182</td>
<td>14,024,858</td>
<td>446,474</td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding</td>
<td>22,661,105</td>
<td>26,137,899</td>
<td>30,198,882</td>
</tr>
<tr>
<td>Current and Other Liabilities</td>
<td>9,150,293</td>
<td>5,783,956</td>
<td>3,224,193</td>
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<tr>
<td>Total Liabilities</td>
<td>31,811,398</td>
<td>31,921,855</td>
<td>33,423,075</td>
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<tr>
<td>Deferred Inflows of Resources</td>
<td>14,945,211</td>
<td>15,404,501</td>
<td>606,985</td>
</tr>
<tr>
<td>Net Position:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Assets</td>
<td>112,360,020</td>
<td>102,223,500</td>
<td>83,286,653</td>
</tr>
<tr>
<td>Restricted</td>
<td>16,314,540</td>
<td>14,936,260</td>
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<tr>
<td>Unrestricted</td>
<td>65,666,057</td>
<td>57,192,458</td>
<td>29,396,304</td>
</tr>
<tr>
<td>Total Net Position</td>
<td>$ 194,340,617</td>
<td>$ 174,352,218</td>
<td>$ 112,682,957</td>
</tr>
</tbody>
</table>

### STATEMENT OF ACTIVITIES

#### Governmental Activities

The net position of the City’s governmental activities increased by approximately $19.9 million, or 11.5%. This increase is due to a variety of factors including an increase in capital grants and contributions of approximately $4.3 million from the prior year, approximately $3.4 million in tax increments, investment earnings of $1,552,896, approximately $2.9 million increase in charges for services and transfers in of approximately $1.0 million. In addition, the City continued the enhanced road revitalization program started in 2006, which includes overlay or reconstruction of every local street adding approximately $3.7 million in infrastructure assets offset by annual depreciation expense.

Property taxes increased by $1,999,289 due to the increased tax levy from the prior year and the related additional collections. Investment earnings increased from the prior year by $900,700 due to higher interest earnings from better investment market conditions.

#### Business-Type Activities

Business-Type Activities net position increased approximately $3.1 million. The majority of this increase was due to operating revenues exceeding operating expenses by $9.3 million, offset by depreciation expense of $5.3 million and transfers out of $1.3 million.

Investment income increased by $338,480 during 2018 due to an increase in interest earnings.
MANAGEMENT’S DISCUSSION AND ANALYSIS (UNAUDITED)
December 31, 2018

STATEMENT OF ACTIVITIES
December 31, 2018

<table>
<thead>
<tr>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>$12,290,867$</td>
<td>$9,385,023$</td>
</tr>
<tr>
<td>Operating Grants and Contributions</td>
<td>1,361,406</td>
<td>1,580,451</td>
</tr>
<tr>
<td>Capital Grants and Contributions</td>
<td>7,580,798</td>
<td>3,314,001</td>
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<tr>
<td>General Revenues:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>37,542,646</td>
<td>35,543,357</td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>1,752,185</td>
<td>1,811,774</td>
</tr>
<tr>
<td>Tax Increments</td>
<td>3,426,105</td>
<td>2,689,708</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td>1,552,896</td>
<td>652,196</td>
</tr>
<tr>
<td>Sale of Capital Assets</td>
<td>-</td>
<td>63,445</td>
</tr>
<tr>
<td>Other General Revenue</td>
<td>167,948</td>
<td>75,473</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>65,674,851$</td>
<td>55,115,428$</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>5,961,700</td>
<td>5,300,173</td>
</tr>
<tr>
<td>Development Services</td>
<td>6,954,084</td>
<td>6,545,139</td>
</tr>
<tr>
<td>Public Works</td>
<td>13,069,127</td>
<td>12,558,277</td>
</tr>
<tr>
<td>Public Safety</td>
<td>13,019,341</td>
<td>15,681,354</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>7,120,532</td>
<td>6,328,354</td>
</tr>
<tr>
<td>Unallocated Interest on Long-Term Debt</td>
<td>131,457</td>
<td>135,221</td>
</tr>
<tr>
<td>Water and Sewer Utilities</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ice Arena</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Environmental</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Williston Fitness Center</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grays Bay Marina</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Storm Water</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>46,256,241$</td>
<td>46,548,518$</td>
</tr>
<tr>
<td><strong>Change in Net Position Before Transfers</strong></td>
<td>19,418,610</td>
<td>8,566,910</td>
</tr>
<tr>
<td><strong>Transfers</strong></td>
<td>1,033,156</td>
<td>1,125,069</td>
</tr>
<tr>
<td><strong>Increase in Net Position</strong></td>
<td>20,451,766</td>
<td>9,691,979</td>
</tr>
<tr>
<td><strong>Net Position - Beginning</strong></td>
<td>174,352,218</td>
<td>164,660,239</td>
</tr>
<tr>
<td><strong>Prior Period Adjustment</strong></td>
<td>(463,367)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Position - Beginning, as Restated</strong></td>
<td>173,888,851</td>
<td>164,660,239</td>
</tr>
<tr>
<td><strong>Net Position - Ending</strong></td>
<td>$194,340,617$</td>
<td>$174,352,218$</td>
</tr>
</tbody>
</table>
The following chart visually illustrates the City’s revenue by source for its governmental activities:

**Revenue by Source - Governmental Activities**

- Property and Franchise Taxes: 60%
- Grants and Contributions: 13%
- Charges for Services: 19%
- Other: 8%

The following chart visually illustrates the City’s expense by function for its governmental activities:

**Expense by Function - Governmental Activities**

- Public Safety: 28%
- Public Works: 28%
- Development Services: 15%
- General Government: 13%
- Parks and Recreation: 16%
- Unallocated Interest on Long-Term Debt: 0%
FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS

Governmental Funds

General Fund

In 2018, the City’s General Fund fund balance increased by $1,774,384. The increased fund balance is due to the sound fiscal control by all departments within the General Fund that resulted in actual expenditures being $950,412, or 2.9% under the final budget. Originally, the budget planned to decrease fund balance by approximately $1,161,500 before transfers.

Total actual revenues were $1,941,261 more than budgeted due largely to higher than expected license and permit fees collected and intergovernmental revenues received.

License and permit fees and intergovernmental revenue were $1,416,302 higher than budgeted, while other revenues, property taxes collected and fines and forfeitures were higher than budgeted by an additional $524,959.

Community Investment Fund

The decrease in available fund balance of $81,586 in the Community Investment fund balance was due primarily to investment earnings of $355,568 being offset by transfers out of $500,000 in the current year.

Special Assessment Construction Fund

The fund balance in the Special Assessment Construction Fund increased $885,921 in 2018. This increase was due primarily to a budgeted transfer in from the Community Investment Fund to subsidize Ice Arena B improvements funded from the Special Assessment Construction Fund.

State Municipal Aid

In 2018, the available fund balance in the State Municipal Aid Fund decreased by $112,488. This decrease was due primarily to timing differences of expenditures versus reimbursement from the State of Minnesota Municipal Aid Fund for the Ridgehaven street improvement project.

Street Improvement Fund

The City maintained the Street Improvement levy in order to sufficiently fund the multi-year road revitalization and preservation program. Many of the reconstruction projects cost more than the yearly street improvement levy allocation, forcing the City to build up reserves over multiple years to pay for upcoming reconstruction projects. In 2018, the Street Improvement fund balance increased $1,587,555.
FINANCIAL ANALYSIS OF THE CITY’S MAJOR FUNDS (CONTINUED)

Proprietary Funds

Water and Sewer Utilities

In 2018, the net position of the Water and Sewer Utilities Fund increased by $2,216,003. This increase was due primarily to operating income of $3,161,422 and transfers out for direct and indirect administrative costs of $800,000.

Ice Arena

The net position of the Ice Arena Fund increased by $60,462. This increase was primarily due to an operating loss of $168,396 which includes depreciation expense of $168,908, offset by capital contributions and transfers in of $267,666.

Environmental Fund

In 2018, the net position of the Environmental Fund decreased by $48,044 due primarily to an increase in operating expenditures along with lower recycling revenues received due to current market conditions for recyclable materials.

Williston Fitness Center

The net position of the Williston Fitness Center Fund increased by $149,752 primarily due to the yearly continuing increase in membership fees and program offerings that has occurred since the facility was significantly upgraded in 2011.

Gray’s Bay Marina

In 2018, the net position of the Gray’s Bay Marina Fund increased by $56,633 due to increased fuel sales for the season.

Storm Water

The net position of the Storm Water Fund increased by $688,875, or 2.3%, as user charges exceeded operating expenses for the current year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the City Council revised the City’s budget once. This revision was performed in the fall, when the City prepared next year’s budget. To meet current and future service needs of the Minnetonka community, various long-term strategies were enacted and continued during 2018. In 2009, to accommodate the impact of the national recession, the City repositioned itself to meet four objectives: achieve long-term budget balance, sustain direct core services, continue infrastructure investments, and moderate property tax growth.

The strategies enacted in 2009 continue to be refined and enhanced in 2018. They include various new ways of doing business such as: cooperative services agreements with other agencies, productivity investments that help deliver core services more efficiently, and
department reorganizations that reposition the City to better and more efficiently serve its constituents.

CAPITAL ASSETS

At the end of 2018, the City had $224.3 million invested in a broad range of capital assets. This amount represents a net increase (including additions and deductions) of approximately $12.4 million from the prior year.

The City’s fiscal year 2019 capital budget appropriates another $62.7 million for capital projects, of which approximately $31.5 million will be for infrastructure projects. The remainder will be spent on replacement vehicles, building improvements, open space and recreational amenities as well as future investments in technology and equipment.

Please refer to Note 4.C. for a schedule of the City’s capital asset activity.

LONG-TERM DEBT

At year-end, the City had $33.5 million in bonds outstanding versus $25.4 million last year, an increase of $8.1 million. This increase was due to the issuance of $10 million in GO Utility Revenue Bonds 2018A and the continual annual reduction in bonds payable.

The City continues to carry an “Aaa” bond rating from Moody’s Investors Services.

More detailed information about the City’s long-term debt is presented in Note 4.E. to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The City takes a responsible long-term perspective with financial planning and management. We make decisions with the future in mind to insure our ongoing capacity to provide quality services to our residents and businesses and the 2019 budget continues to reflect this long-term perspective.

The 2019 budget continues to reflect the City’s highest priorities: public safety, streets and utilities, natural resources, and parks. These functions continue to represent the focus of city programs and projects, accounting for nearly eight out of every ten dollars in the combined 2018 budget.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Minnetonka Finance Department at 14600 Minnetonka Blvd., Minnetonka, Minnesota 55345, (952) 939-8200; or mking@eminnetonka.com.
BASIC

FINANCIAL STATEMENTS
## CITY OF MINNETONKA
Hennepin County, Minnesota

### STATEMENT OF NET POSITION
December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments (Including Cash Equivalents)</td>
<td>$ 97,413,202</td>
<td>$ 36,840,717</td>
<td>$ 134,253,919</td>
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<tr>
<td>Receivables:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>913,761</td>
<td>2,813,441</td>
<td>3,727,202</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>178,486</td>
<td>-</td>
<td>178,486</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>405,420</td>
<td>168,349</td>
<td>573,769</td>
</tr>
<tr>
<td>Taxes Receivable</td>
<td>1,051,240</td>
<td>-</td>
<td>1,051,240</td>
</tr>
<tr>
<td>Special Assessments Receivable</td>
<td>1,805,545</td>
<td>355,477</td>
<td>2,161,022</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>5,092,730</td>
<td>-</td>
<td>5,092,730</td>
</tr>
<tr>
<td>Internal Balances</td>
<td>(97,543)</td>
<td>97,543</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>314,908</td>
<td>-</td>
<td>314,908</td>
</tr>
<tr>
<td>Inventories</td>
<td>239,504</td>
<td>24,194</td>
<td>263,698</td>
</tr>
<tr>
<td>Net Pension Asset</td>
<td>4,971,253</td>
<td>-</td>
<td>4,971,253</td>
</tr>
<tr>
<td><strong>Capital Assets, Net of Related Depreciation:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land - Nondepreciable</td>
<td>22,256,024</td>
<td>1,412,611</td>
<td>23,668,635</td>
</tr>
<tr>
<td>Construction in Progress - Nondepreciable</td>
<td>14,580,428</td>
<td>6,927,279</td>
<td>21,507,707</td>
</tr>
<tr>
<td>Buildings</td>
<td>6,545,286</td>
<td>10,889,404</td>
<td>17,434,690</td>
</tr>
<tr>
<td>Improvements Other than Buildings</td>
<td>1,899,021</td>
<td>2,501,867</td>
<td>4,400,888</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>6,221,170</td>
<td>2,881,697</td>
<td>9,102,867</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>66,823,609</td>
<td>81,353,964</td>
<td>148,177,573</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$ 230,614,044</td>
<td>$ 146,266,543</td>
<td>$ 376,880,587</td>
</tr>
<tr>
<td><strong>DEFERRED OUTFLOWS OF RESOURCES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPEB</td>
<td>$ 138,774</td>
<td>$ 23,324</td>
<td>$ 162,098</td>
</tr>
<tr>
<td>Pensions</td>
<td>10,344,408</td>
<td>423,150</td>
<td>10,767,558</td>
</tr>
<tr>
<td><strong>Total Deferred Outflows of Resources</strong></td>
<td>10,483,182</td>
<td>446,474</td>
<td>10,929,656</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA
Hennepin County, Minnesota

STATEMENT OF NET POSITION
December 31, 2018
(Continued)

<table>
<thead>
<tr>
<th>Liabilities and Net Position:</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>$ 1,208,987</td>
<td>$ 169,815</td>
<td>$ 1,378,802</td>
</tr>
<tr>
<td>Accounts and Contracts Payable</td>
<td>4,248,904</td>
<td>1,549,506</td>
<td>5,798,410</td>
</tr>
<tr>
<td>Incurred but Not Reported Claims</td>
<td>44,062</td>
<td>-</td>
<td>44,062</td>
</tr>
<tr>
<td>Accrued Interest Payable</td>
<td>55,114</td>
<td>148,945</td>
<td>204,059</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>369,202</td>
<td>148,349</td>
<td>517,551</td>
</tr>
<tr>
<td>Noncurrent Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total OPEB Liability</td>
<td>2,284,023</td>
<td>383,880</td>
<td>2,667,903</td>
</tr>
<tr>
<td>MNPERA-Net Pension Liability</td>
<td>15,147,562</td>
<td>2,419,702</td>
<td>17,567,264</td>
</tr>
<tr>
<td>Bonds Payable, net:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Within One Year</td>
<td>1,375,000</td>
<td>1,070,000</td>
<td>2,445,000</td>
</tr>
<tr>
<td>Due in More than One Year</td>
<td>3,932,544</td>
<td>27,183,673</td>
<td>31,116,217</td>
</tr>
<tr>
<td>Compensated Absences/</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance Payable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due Within One Year</td>
<td>1,849,024</td>
<td>137,578</td>
<td>1,986,602</td>
</tr>
<tr>
<td>Due in More than One Year</td>
<td>1,296,976</td>
<td>211,627</td>
<td>1,508,603</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>31,811,398</td>
<td>33,423,075</td>
<td>65,234,473</td>
</tr>
<tr>
<td><strong>Deferred Inflows of Resources:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions</td>
<td>$ 14,945,211</td>
<td>$ 606,985</td>
<td>$ 15,552,196</td>
</tr>
</tbody>
</table>

Net Position:

<table>
<thead>
<tr>
<th>Net Investment in Capital Assets</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>112,360,020</td>
<td>83,286,653</td>
<td>195,646,673</td>
<td></td>
</tr>
</tbody>
</table>

Restricted for:

| Public Safety                   | 334,958     | -           | 334,958 |
| Debt Service                    | 1,773,558   | -           | 1,773,558 |
| Economic Development            | 7,688,244   | -           | 7,688,244 |
| Public Works                    | 2,019,340   | -           | 2,019,340 |
| Cemetery Operations             | 140,409     | -           | 140,409 |
| Grants                          | 44,130      | -           | 44,130 |
| Net Pension Asset               | 4,313,901   | -           | 4,313,901 |
| Unrestricted                    | 65,666,057  | 29,396,304  | 95,062,361 |
| **Total Net Position**          | $ 194,340,617 | $112,682,957 | $307,023,574 |

The Notes to the Financial Statements are an integral part of this statement.
**CITY OF MINNETONKA**  
Hennepin County, Minnesota  
STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2018

### Net (Expense) Revenues and Changes in Net Position

<table>
<thead>
<tr>
<th>Functions/Programs</th>
<th>Operating Charges for Services</th>
<th>Capital Grants and Contributions</th>
<th>Governmental Activities Total</th>
<th>Business-Type Activities Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>5,961,700 $</td>
<td>639 $</td>
<td>- $</td>
<td>(5,961,061)</td>
<td></td>
</tr>
<tr>
<td>Development Services</td>
<td>6,954,084 $</td>
<td>5,863,722 $</td>
<td>228,926 $</td>
<td>7,335,485 $</td>
<td>4,674,049 $</td>
</tr>
<tr>
<td>Public Works</td>
<td>13,069,127 $</td>
<td>87,461 $</td>
<td>76,740 $</td>
<td>245,313 $</td>
<td></td>
</tr>
<tr>
<td>Public Safety</td>
<td>13,019,341 $</td>
<td>1,674,249 $</td>
<td>1,045,744 $</td>
<td>-</td>
<td>(10,299,348)</td>
</tr>
<tr>
<td>Parks and Recreation</td>
<td>7,120,532 $</td>
<td>4,664,796 $</td>
<td>9,996 $</td>
<td>-</td>
<td>(2,445,740)</td>
</tr>
<tr>
<td>Unallocated Interest on Long-Term Debt</td>
<td>131,457 $</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(131,457)</td>
</tr>
<tr>
<td><strong>Total Governmental Activities</strong></td>
<td>46,256,241 $</td>
<td>12,290,867 $</td>
<td>1,361,406 $</td>
<td>7,580,798 $</td>
<td>25,023,170 $</td>
</tr>
<tr>
<td><strong>Business-Type Activities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water and Sewer Utilities</td>
<td>14,452,285 $</td>
<td>17,196,532 $</td>
<td>9,840 $</td>
<td>-</td>
<td>2,754,087 $</td>
</tr>
<tr>
<td>Ice Arena</td>
<td>1,028,139 $</td>
<td>866,916 $</td>
<td>-</td>
<td>-</td>
<td>(161,223) $</td>
</tr>
<tr>
<td>Environmental</td>
<td>822,133 $</td>
<td>829,332 $</td>
<td>129,162 $</td>
<td>-</td>
<td>136,361</td>
</tr>
<tr>
<td>Williston Fitness Center</td>
<td>2,557,583 $</td>
<td>2,739,842 $</td>
<td>-</td>
<td>-</td>
<td>182,259</td>
</tr>
<tr>
<td>Grays Bay Marina</td>
<td>218,969 $</td>
<td>279,947 $</td>
<td>-</td>
<td>-</td>
<td>60,978</td>
</tr>
<tr>
<td>Storm Water</td>
<td>1,835,461 $</td>
<td>2,599,644 $</td>
<td>-</td>
<td>-</td>
<td>764,183</td>
</tr>
<tr>
<td><strong>Total Business-type Activities</strong></td>
<td>20,914,570 $</td>
<td>24,512,213 $</td>
<td>139,002 $</td>
<td>-</td>
<td>3,736,645</td>
</tr>
<tr>
<td><strong>Total Governmental and Business-Type Activities</strong></td>
<td>67,170,811 $</td>
<td>36,803,080 $</td>
<td>1,500,408 $</td>
<td>7,580,798 $</td>
<td>21,286,525</td>
</tr>
</tbody>
</table>

**General Revenues:**
- Property Taxes: $37,542,646
- Franchise Taxes: $1,752,185
- Tax Increments: $3,426,105
- Investment Earnings: $1,552,896
- Other General Revenue: $167,948
- Transfers: $1,033,156

**Total General Revenues and Transfers:** $45,474,936

**Change in Net Position:**
- $20,451,766
- $3,208,183
- $23,659,949

**Net Position - Beginning:**
- $174,352,218
- $109,552,652
- $283,904,870

**Change in Accounting Principle (See Note 6):**
- (463,367)
- (77,878)
- (541,245)

**Net Position - Beginning, as Restated:**
- $173,888,851
- $109,474,774
- $283,363,625

**Net Position - Ending:**
- $194,340,617
- $112,682,957
- $307,023,574

*The Notes to the Financial Statements are an integral part of this statement.*
MAJOR GOVERNMENTAL FUNDS

**General Fund** – The general fund accounts for all revenues and expenditures of a governmental unit which are not accounted for in other funds. It normally receives a greater variety and number of taxes and other general revenues than any other fund. This fund has flowing into it such revenues as general property taxes, licenses and permits, fines and penalties, intergovernmental revenues, charges for current services, and interest earnings. Most of the day-to-day operations of governmental units will be financed from this fund.

**CAPITAL PROJECTS FUNDS**

**Community Investment Fund** – This fund was established to account for residuals from special assessment funds where the bonds have been retired. Expenditures from this fund are for projects that have a City-wide benefit.

**Special Assessment Construction Fund** – This fund was established to account for the proceeds of bonds for the purpose of water, sewer, and street construction.

**State Municipal Aid Fund** – This fund was established to account for the revenues and expenditures for the construction of county state-aid roads and the municipal state-aid street system.

**Street Improvement Fund** – This fund was established to account for the revenues and expenditures related to the reconstruction and maintenance of the local street system.
CITY OF MINNETONKA  
Hennepin County, Minnesota  
BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2018

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>General</th>
<th>Community Investment</th>
<th>Special Assessment Construction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments (Including Cash Equivalents)</td>
<td>$24,429,391</td>
<td>$21,025,547</td>
<td>$6,082,268</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>56,995</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>94,777</td>
<td>94,196</td>
<td>24,779</td>
</tr>
<tr>
<td>Property Taxes Receivable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unremitted</td>
<td>693,636</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Delinquent</td>
<td>303,589</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments Receivable:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unremitted</td>
<td>-</td>
<td>-</td>
<td>5,510</td>
</tr>
<tr>
<td>Current</td>
<td>-</td>
<td>-</td>
<td>181,180</td>
</tr>
<tr>
<td>Delinquent</td>
<td>-</td>
<td>-</td>
<td>7,388</td>
</tr>
<tr>
<td>Noncurrent</td>
<td>-</td>
<td>-</td>
<td>1,281,824</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>47,987</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from Other Funds</td>
<td>42,596</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Advances to Other Funds</td>
<td>-</td>
<td>189,000</td>
<td>-</td>
</tr>
<tr>
<td>Prepands</td>
<td>232,104</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>182,022</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$26,083,097</strong></td>
<td><strong>$21,308,743</strong></td>
<td><strong>$7,582,949</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>$1,171,081</td>
<td>$</td>
</tr>
<tr>
<td>Accounts and Contracts Payable</td>
<td>345,516</td>
<td>-</td>
</tr>
<tr>
<td>Advanced from Other Funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unearned Revenues</td>
<td>369,202</td>
<td>-</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>1,885,799</strong></td>
<td>-</td>
</tr>
<tr>
<td>Deferred Inflows of Resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable Revenue - Taxes</td>
<td>303,589</td>
<td>-</td>
</tr>
<tr>
<td>Unavailable Revenue - Special Assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unavailable Revenue - MSA</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>303,589</strong></td>
<td>-</td>
</tr>
<tr>
<td>Fund Balances:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonspendable</td>
<td>414,126</td>
<td>-</td>
</tr>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Committed</td>
<td>1,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Assigned</td>
<td>14,688,800</td>
<td>21,308,743</td>
</tr>
<tr>
<td>Unassigned</td>
<td>7,790,783</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td><strong>23,893,709</strong></td>
<td><strong>21,308,743</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflows of Resources and Fund Balances</strong></td>
<td><strong>$26,083,097</strong></td>
<td><strong>$21,308,743</strong></td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement
The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
December 31, 2018

Total Fund Balances - Governmental Funds $ 92,369,540

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.
- Cost of Capital Assets 202,453,573
- Less Accumulated Depreciation (84,128,035)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.
- Bond Principal Payable (5,185,000)
- Unamortized Bond Discount/(Premium) (122,544)
- Compensated Absences and Severance Payable, excluding Internal Service Funds (3,048,735)
- Total OPEB Liability, excluding Internal Service Funds (1,968,764)

Some liabilities, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.
- MNPERA Net Pension Liability (from pension schedules) (14,847,862)

Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and therefore, are not reported in the funds.
- Deferred Outflows of Resources related to Pensions 10,291,997
- Deferred Inflows of Resources related to Pensions (14,870,031)
- Deferred Outflows of Resources related to OPEB (136,166)

Governmental funds do not report the net pension asset.
- MFRA Net Pension Asset 4,971,253

Delinquent property taxes, delinquent and noncurrent special assessments receivable and municipal state aid are reported as deferred inflows of resources in the fund statements as these amounts are not available in the current year. 6,266,865

Governmental funds do not report a liability for accrued interest until due and payable. (55,114)

Internal Service Funds are used by management to charge the costs of providing insurance and fleet maintenance services for the City (See Note 2.A). 2,349,640

Total Net Position - Governmental Activities $ 194,340,617

The Notes to the Financial Statements are an integral part of this statement.
### STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

The Notes to the Financial Statements are an integral part of this statement.


CITY OF MINNETONKA
Hennepin County, Minnesota

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018
(Continued)

<table>
<thead>
<tr>
<th>Capital Projects</th>
<th>State Municipal Aid</th>
<th>Street Improvement</th>
<th>Other Governmental Funds</th>
<th>Total Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ -</td>
<td>$ 6,300,000</td>
<td>$ 5,762,851</td>
<td>$ 37,269,654</td>
</tr>
<tr>
<td>Franchise</td>
<td>-</td>
<td>-</td>
<td>1,752,185</td>
<td>1,752,185</td>
</tr>
<tr>
<td>Tax Increments</td>
<td>-</td>
<td>-</td>
<td>3,426,105</td>
<td>3,426,105</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
<td>53,898</td>
<td>290,588</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>-</td>
<td>27,440</td>
<td>-</td>
<td>4,810,556</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>7,243,029</td>
<td>886,161</td>
<td>546,439</td>
<td>9,787,815</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,790,771</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>-</td>
<td>-</td>
<td>46,291</td>
<td>448,926</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>(24,733)</td>
<td>174,664</td>
<td>4,930,667</td>
<td>6,826,303</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>7,218,296</td>
<td>7,388,265</td>
<td>16,518,436</td>
<td>66,402,903</td>
</tr>
</tbody>
</table>

| **EXPENDITURES:** |                     |                     |                          |                          |
| Current:          |                     |                     |                          |                          |
| General Government| -                   | -                   | 755,827                  | 5,400,246                |
| Development Services | -                 | -                   | 2,808,795                | 6,775,083                |
| Public Works      | -                   | 35,934              | 21,693                   | 4,711,164                |
| Public Safety     | -                   | -                   | 261,918                  | 14,004,058               |
| Park and Recreation | -                 | -                   | -                        | 5,957,326                |
| Debt Service      | -                   | -                   | 1,427,513                | 1,427,513                |
| Capital Outlay    | 7,330,784           | 5,827,198           | 6,319,109                | 19,477,245               |
| **Total Expenditures** | 7,330,784           | 5,863,132           | 11,594,855               | 57,752,635               |

| Excess (Deficiency) of Revenues Over (Under) Expenditures | (112,488) | 1,525,133 | 4,923,581 | 8,650,268 |

| **OTHER FINANCING SOURCES (USES):** |                     |                     |                          |                          |
| Transfers In      | -                   | 62,422              | 1,317,189                | 3,514,277                |
| Transfers Out     | -                   | -                   | (393,466)                | (2,263,455)              |
| **Total Other Financing Sources (Uses)** | -                  | 62,422              | 923,723                 | 1,250,822               |

| Net Change in Fund Balances | (112,488) | 1,587,555 | 5,847,304 | 9,901,090 |

| **FUND BALANCES:** |                     |                     |                          |                          |
| Beginning of Year  | (2,029,545)         | 7,153,166           | 28,620,655               | 82,468,450               |
| End of Year        | $ (2,142,033)       | $ 8,740,721         | $ 34,467,959             | $ 92,369,540             |

The Notes to the Financial Statements are an integral part of this statement
CITY OF MINNETONKA
Hennepin County, Minnesota

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds $ 9,901,090

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Outlay</td>
<td>14,431,794</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>(5,239,833)</td>
</tr>
<tr>
<td>Gain / (Loss) on Disposed Assets</td>
<td>(31,069)</td>
</tr>
</tbody>
</table>

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (773,358)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items. 1,290,348

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in Compensated Absences and Severance Payable</td>
<td>(229,434)</td>
</tr>
<tr>
<td>Changes in Total OPEB Liability</td>
<td>(101,665)</td>
</tr>
<tr>
<td>Changes in Accrued Interest Payable</td>
<td>5,708</td>
</tr>
</tbody>
</table>

Net pension obligation is not recognized in the Governmental Funds but recognized as the expense/revenue is incurred in the Statement of Activities. 454,559

Some pension expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as an expenditure. 681,770

Internal Service Funds are used by management to charge the costs of providing insurance for the City (See Note 2.B). 61,856

Change in Net Position of Governmental Activities $ 20,451,766

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota  

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND  
For The Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance with Final Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td>$ 25,082,828</td>
<td>$ 25,092,800</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>3,545,400</td>
<td>3,473,400</td>
</tr>
<tr>
<td>Intergovernmental Revenues</td>
<td>958,100</td>
<td>1,005,600</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>1,493,300</td>
<td>1,626,800</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>502,000</td>
<td>433,500</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,010,922</td>
<td>1,006,000</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>32,592,550</td>
<td>32,638,100</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>4,874,800</td>
<td>4,855,200</td>
</tr>
<tr>
<td>Development Services</td>
<td>3,849,800</td>
<td>3,843,800</td>
</tr>
<tr>
<td>Public Works</td>
<td>4,834,100</td>
<td>4,829,800</td>
</tr>
<tr>
<td>Public Safety</td>
<td>14,103,100</td>
<td>14,036,500</td>
</tr>
<tr>
<td>Park and Recreation</td>
<td>6,244,650</td>
<td>6,234,300</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>33,906,450</td>
<td>33,799,600</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under) Expenditures</td>
<td>(1,313,900)</td>
<td>(1,161,500)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING SOURCES (USES):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>1,374,400</td>
<td>1,374,400</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(1,313,000)</td>
<td>(1,313,000)</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>61,400</td>
<td>61,400</td>
</tr>
<tr>
<td>Net Change in Fund Balance</td>
<td>(1,252,500)</td>
<td>(1,100,100)</td>
</tr>
<tr>
<td><strong>FUND BALANCES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>21,218,665</td>
<td>21,218,665</td>
</tr>
<tr>
<td><strong>End of Year</strong></td>
<td>$ 19,966,165</td>
<td>$ 20,118,565</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
PROPRIETARY FUNDS

ENTERPRISE FUNDS – These funds are established to account for the financing of self supporting activities of governmental units which render services on a user charge basis to the general public. Minnetonka’s enterprises include the public utility engaged in the provision of water and sewer services, and ice arena, an environmental fund, a fitness center, a storm water fund, and a marina and public access to Lake Minnetonka.

INTERNAL SERVICE FUNDS – The City has two internal service funds, the Self-Insurance Fund and the Fleet Maintenance Fund, that respectively account for the risk management and fleet maintenance services provided to other City departments on a cost-reimbursement basis.
## STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS
### Business-Type Activities - Enterprise Funds

<table>
<thead>
<tr>
<th>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</th>
<th>Current Assets:</th>
<th>Noncurrent Assets:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Investments</strong></td>
<td>$29,281,750</td>
<td><strong>Land - Nondepreciable</strong></td>
</tr>
<tr>
<td><strong>Accounts Receivable</strong></td>
<td>2,301,348</td>
<td><strong>Construction in Progress - Nondepreciable</strong></td>
</tr>
<tr>
<td><strong>Interest Receivable</strong></td>
<td>132,831</td>
<td><strong>Buildings and Structures</strong></td>
</tr>
<tr>
<td><strong>Special Assessments Receivable</strong></td>
<td>355,477</td>
<td><strong>Water Facilities</strong></td>
</tr>
<tr>
<td><strong>Due from Other Funds</strong></td>
<td>359,542</td>
<td><strong>Water Mains and Lines</strong></td>
</tr>
<tr>
<td><strong>Prepaid Items</strong></td>
<td>-</td>
<td><strong>Sewer Lift Stations</strong></td>
</tr>
<tr>
<td><strong>Due from Other Governments</strong></td>
<td>-</td>
<td><strong>Storm Drainage System</strong></td>
</tr>
<tr>
<td><strong>Inventories</strong></td>
<td>24,044</td>
<td><strong>Improvements Other than Buildings</strong></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>32,454,992</td>
<td><strong>Machinery and Equipment</strong></td>
</tr>
<tr>
<td><strong>Deferred Outflows of Resources</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>OPEB</strong></td>
<td>10,079</td>
<td><strong>Total Net Capital Assets</strong></td>
</tr>
<tr>
<td><strong>MNPERA Pension</strong></td>
<td>198,477</td>
<td><strong>Total Noncurrent Assets</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$104,246,284</td>
<td><strong>Total Noncurrent Assets</strong></td>
</tr>
</tbody>
</table>

### The Notes to the Financial Statements are an integral part of this statement.
## Statement of Fund Net Position - Proprietary Funds

**December 31, 2018**

(Continued)

<table>
<thead>
<tr>
<th>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION:</th>
<th>LIABILITIES:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Liabilities:</td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>$81,982</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>$21,018</td>
</tr>
<tr>
<td>Incurred but Not Reported Claims</td>
<td>$2,780</td>
</tr>
<tr>
<td>Accrued Interest Payable</td>
<td>$61,001</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>$250</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>$708,772</td>
</tr>
<tr>
<td>Current Portion of Compensated Absences</td>
<td>$1,549,506</td>
</tr>
<tr>
<td>Bonds Payable</td>
<td>$276,322</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>$1,070,000</td>
</tr>
<tr>
<td>Long-Term Liabilities</td>
<td></td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>$115,167</td>
</tr>
<tr>
<td>Advances from Other Funds</td>
<td>$64,656</td>
</tr>
<tr>
<td>Total OPEB Liability</td>
<td>$14,607</td>
</tr>
<tr>
<td>MNPERA-Net Pension Liability</td>
<td>$174,117</td>
</tr>
<tr>
<td>Revenue Bonds Payable, Net</td>
<td>$45,785</td>
</tr>
<tr>
<td>Total Noncurrent Liabilities</td>
<td>$283,927</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$30,734,656</td>
</tr>
</tbody>
</table>

### Deferred Inflows of Resources:

| MNPERA Pension                                               | $284,704    |
| Total Deferred Inflows of Resources                          | $284,704    |

### Net Position:

| Net Investment in Capital Assets                             | $49,111,123 |
| Unrestricted                                                 | $2,168,640  |
| Total Net Position                                           | $320,664    |
| Total Liabilities, Deferred Inflows of Resources and Net Position | $104,454,840 |

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds (See Note 2.C) $286,543

Total Business-Type Activities Net Position $112,682,957

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota  

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Business-Type Activities - Enterprise Funds</th>
<th>Water and Sewer Utilities</th>
<th>Ice Arena</th>
<th>Environmental Fitness Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>OPERATING REVENUES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water Sales and Sewer Charges</td>
<td>$15,402,804</td>
<td>$</td>
<td>$ -</td>
</tr>
<tr>
<td>Storm Water Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ice Rental Charges</td>
<td>-</td>
<td>597,391</td>
<td>-</td>
</tr>
<tr>
<td>Memberships and Fees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recycling Charges</td>
<td>-</td>
<td>-</td>
<td>827,823</td>
</tr>
<tr>
<td>Charges to City Departments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>1,793,728</td>
<td>269,525</td>
<td>1,509</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>$17,196,532</td>
<td>866,916</td>
<td>829,332</td>
</tr>
<tr>
<td>OPERATING EXPENSES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>2,015,223</td>
<td>487,202</td>
<td>76,397</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>1,039,208</td>
<td>59,371</td>
<td>-</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>6,982,340</td>
<td>319,831</td>
<td>745,104</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$10,036,771</td>
<td>866,404</td>
<td>822,133</td>
</tr>
<tr>
<td>Operating Income (Loss) before Depreciation</td>
<td>7,159,761</td>
<td>512</td>
<td>7,199</td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>3,998,339</td>
<td>168,908</td>
<td>-</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>3,161,422</td>
<td>(168,396)</td>
<td>7,199</td>
</tr>
<tr>
<td>NONOPERATING REVENUES (EXPENSES):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>383,798</td>
<td>(6,108)</td>
<td>15,395</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>9,840</td>
<td>-</td>
<td>129,162</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(325,592)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Bond Issuance Costs</td>
<td>(151,043)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Nonoperating Revenues (Expenses)</td>
<td>(82,997)</td>
<td>(6,108)</td>
<td>144,557</td>
</tr>
<tr>
<td>Income (Loss) before Contributions and Transfers</td>
<td>3,078,425</td>
<td>(174,504)</td>
<td>151,756</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>-</td>
<td>217,666</td>
<td>-</td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(862,422)</td>
<td>(32,700)</td>
<td>(199,800)</td>
</tr>
<tr>
<td>Changes in Net Position</td>
<td>2,216,003</td>
<td>60,462</td>
<td>(48,044)</td>
</tr>
<tr>
<td>NET POSITION:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position, Beginning, as Previously Reported</td>
<td>71,253,129</td>
<td>1,325,098</td>
<td>764,856</td>
</tr>
<tr>
<td>Change in Accounting Principle</td>
<td>(33,652)</td>
<td>(9,234)</td>
<td>(1,580)</td>
</tr>
<tr>
<td>Net Position - Beginning, as Restated</td>
<td>71,219,477</td>
<td>1,315,864</td>
<td>763,276</td>
</tr>
<tr>
<td>Net Position - Ending</td>
<td>$73,435,480</td>
<td>$1,376,326</td>
<td>$715,232</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
### OPERATING REVENUES:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Grays Bay Marina</th>
<th>Storm Water</th>
<th>Total Enterprise Funds</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Sales and Sewer Charges</td>
<td>$</td>
<td>$</td>
<td>$15,402,804</td>
<td>$</td>
</tr>
<tr>
<td>Storm Water Charges</td>
<td>-</td>
<td>2,599,644</td>
<td>2,599,644</td>
<td>-</td>
</tr>
<tr>
<td>Ice Rental Charges</td>
<td>-</td>
<td>-</td>
<td>597,391</td>
<td>-</td>
</tr>
<tr>
<td>Memberships and Fees</td>
<td>115,785</td>
<td>-</td>
<td>2,764,432</td>
<td>-</td>
</tr>
<tr>
<td>Recycling Charges</td>
<td>-</td>
<td>-</td>
<td>827,823</td>
<td>-</td>
</tr>
<tr>
<td>Charges to City Departments</td>
<td>-</td>
<td>-</td>
<td>2,277,695</td>
<td>75,982</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>164,162</td>
<td>-</td>
<td>2,320,119</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>279,947</td>
<td>2,599,644</td>
<td>24,512,213</td>
<td>2,353,677</td>
</tr>
</tbody>
</table>

### OPERATING EXPENSES:

<table>
<thead>
<tr>
<th>Expense</th>
<th>Grays Bay Marina</th>
<th>Storm Water</th>
<th>Total Enterprise Funds</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Services</td>
<td>27,881</td>
<td>179,648</td>
<td>4,427,589</td>
<td>510,546</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>114,316</td>
<td>79,013</td>
<td>1,470,092</td>
<td>866,897</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>55,985</td>
<td>621,455</td>
<td>9,314,622</td>
<td>875,026</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>198,182</td>
<td>880,116</td>
<td>15,212,303</td>
<td>2,252,469</td>
</tr>
</tbody>
</table>

**Operating Income (Loss) before Depreciation**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>81,765</td>
<td>1,719,528</td>
</tr>
</tbody>
</table>

**Depreciation Expense**

<table>
<thead>
<tr>
<th>Amount</th>
<th>24,651</th>
</tr>
</thead>
<tbody>
<tr>
<td>24,651</td>
<td>950,217</td>
</tr>
</tbody>
</table>

**Operating Income (Loss)**

<table>
<thead>
<tr>
<th>Amount</th>
<th>57,114</th>
</tr>
</thead>
<tbody>
<tr>
<td>57,114</td>
<td>760,311</td>
</tr>
</tbody>
</table>

### NONOPERATING REVENUES (EXPENSES):

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income (Loss)</td>
<td>11,019</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>73,864</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>504,694</td>
</tr>
<tr>
<td>Bond Issuance Costs</td>
<td>139,002</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
<td>11,019</td>
</tr>
<tr>
<td>(Expenses)</td>
<td>73,864</td>
</tr>
<tr>
<td></td>
<td>167,061</td>
</tr>
<tr>
<td><strong>Income (Loss) before Contributions and Transfers</strong></td>
<td>45,150</td>
</tr>
<tr>
<td>Income (Loss) before Contributions and Transfers</td>
<td>68,133</td>
</tr>
<tr>
<td>Capital Contributions</td>
<td>834,175</td>
</tr>
<tr>
<td>Transfers In</td>
<td>4,156,837</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>146,358</td>
</tr>
<tr>
<td></td>
<td>146,358</td>
</tr>
<tr>
<td>Changes in Net Position</td>
<td>56,633</td>
</tr>
<tr>
<td></td>
<td>3,208,183</td>
</tr>
</tbody>
</table>

### NET POSITION:

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Position, Beginning, as Previously Reported</td>
<td>867,353</td>
</tr>
<tr>
<td>Change in Accounting Principle</td>
<td>(707)</td>
</tr>
<tr>
<td>Net Position - Beginning, as Restated</td>
<td>866,646</td>
</tr>
<tr>
<td>Net Position - Ending</td>
<td>$923,279</td>
</tr>
<tr>
<td></td>
<td>$3,208,183</td>
</tr>
</tbody>
</table>

**Adjustment to Reflect the Consolidation of Internal Service Fund Activities to Enterprise Funds (See Note 2.D.)**

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>84,502</td>
<td>3,208,183</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota  

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Water and Sewer Utilities</th>
<th>Ice Arena</th>
<th>Environmental</th>
<th>Williston Ice Arena Environmental Fitness Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS - OPERATING ACTIVITIES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Customers and Users</td>
<td>$15,265,247</td>
<td>$629,540</td>
<td>$821,073</td>
</tr>
<tr>
<td>Receipts from Interfund Services Provided</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,793,728</td>
<td>269,525</td>
<td>1,509</td>
</tr>
<tr>
<td>Payments to Suppliers</td>
<td>(7,543,731)</td>
<td>(373,684)</td>
<td>(751,451)</td>
</tr>
<tr>
<td>Payments to Employees</td>
<td>(1,844,545)</td>
<td>(473,968)</td>
<td>(81,463)</td>
</tr>
<tr>
<td>Payments of Benefits on Behalf of Employees</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows - Operating Activities</td>
<td>7,670,699</td>
<td>51,413</td>
<td>(10,332)</td>
</tr>
</tbody>
</table>

| CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES: | | | |
| Intergovernmental | 9,840 | - | 129,162 | - |
| Due to/from Other Funds | 62,605 | (62,605) | - | - |
| Transfers to Other Funds | (862,422) | (32,700) | (199,800) | (49,100) |
| Transfers from Other Funds | - | 50,000 | - | - |
| Net Cash Flows - Noncapital Financing Activities | (789,977) | (45,305) | (70,638) | (49,100) |

| CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES: | | | |
| Acquisition and Construction of Capital Assets | (6,028,674) | - | - | (243,848) |
| Advances from Other Funds | - | - | - | (94,500) |
| Proceeds from Bonds Issued | 10,000,000 | - | - | - |
| Principal Paid on Capital Debt | (875,000) | - | - | - |
| Interest and Fiscal Charges Paid on Capital Debt | (397,336) | - | - | - |
| Net Cash Flows - Capital and Related Financing Activities | 2,698,990 | - | - | (338,348) |

| CASH FLOWS - INVESTING ACTIVITIES: | | | |
| Purchase of Investments | 51,301,354 | - | 1,609,741 | 2,951,737 |
| Sale of Investments | (40,693,101) | - | (1,048,706) | (2,054,344) |
| Interest and Dividends Received | 306,656 | (6,108) | 12,621 | 22,034 |
| Net Cash Flows - Investing Activities | 10,914,909 | (6,108) | 573,656 | 919,427 |

| Net Change in Cash and Cash Equivalents | 20,494,621 | - | 492,686 | 998,485 |
| Cash and Cash Equivalents, January 1 | 2,535,129 | - | 109,382 | 180,926 |
| Cash and Cash Equivalents, December 31 | $23,029,750 | $ - | $602,068 | $1,179,411 |

The Notes to the Financial Statements are an integral part of this statement.
### STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

**For the Year Ended December 31, 2018**

(Clinued)

<table>
<thead>
<tr>
<th>Business-Type Activities - Enterprise Funds</th>
<th>Governmental Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grays Bay</strong></td>
<td><strong>Storm Marina</strong></td>
</tr>
<tr>
<td><strong>Water</strong></td>
<td></td>
</tr>
<tr>
<td>CASH FLOWS - OPERATING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Receipts from Customers and Users</td>
<td>$109,050</td>
</tr>
<tr>
<td>Receipts from Interfund Services Provided</td>
<td>-</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>164,162</td>
</tr>
<tr>
<td>Payments to Suppliers</td>
<td>(170,375)</td>
</tr>
<tr>
<td>Payments to Employees</td>
<td>(34,358)</td>
</tr>
<tr>
<td>Payments of Benefits on Behalf of Employees</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows - Operating Activities</td>
<td>68,479</td>
</tr>
<tr>
<td>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
</tr>
<tr>
<td>Due to/from Other Funds</td>
<td>-</td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>(11,500)</td>
</tr>
<tr>
<td>Transfers from Other Funds</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows - Noncapital Financing Activities</td>
<td>(11,500)</td>
</tr>
<tr>
<td>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Acquisition and Construction of Capital Assets</td>
<td>-</td>
</tr>
<tr>
<td>Advances from Other Funds</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from Bonds Issued</td>
<td>-</td>
</tr>
<tr>
<td>Principal Paid on Capital Debt</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges Paid on Capital Debt</td>
<td>-</td>
</tr>
<tr>
<td>Net Cash Flows - Capital and Related Financing Activities</td>
<td>-</td>
</tr>
<tr>
<td>CASH FLOWS - INVESTING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Purchase of Investments</td>
<td>1,322,898</td>
</tr>
<tr>
<td>Sale of Investments</td>
<td>(932,946)</td>
</tr>
<tr>
<td>Interest and Dividends Received</td>
<td>9,117</td>
</tr>
<tr>
<td>Net Cash Flows - Investing Activities</td>
<td>399,069</td>
</tr>
<tr>
<td>Net Change in Cash and Cash Equivalents</td>
<td>456,048</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, January 1</td>
<td>79,562</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, December 31</td>
<td>$535,610</td>
</tr>
<tr>
<td></td>
<td>$535,610</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended December 31, 2018
(Continued)

<table>
<thead>
<tr>
<th>Water and Sewer Utilities</th>
<th>Ice Arena</th>
<th>Environmental Fitness Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>$ 3,161,422 $</td>
<td>$ (168,396) $</td>
</tr>
<tr>
<td>Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td>3,998,339</td>
<td>168,908</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(77,034)</td>
<td>31,668</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments Receivable</td>
<td>(60,523)</td>
<td>-</td>
</tr>
<tr>
<td>Inventories</td>
<td>23,340</td>
<td>-</td>
</tr>
<tr>
<td>OPEB (Deferred Outflow)</td>
<td>(43,731)</td>
<td>(11,999)</td>
</tr>
<tr>
<td>Pensions (Deferred Outflow)</td>
<td>82,012</td>
<td>29,205</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>454,477</td>
<td>5,518</td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>10,686</td>
<td>2,283</td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td>4,905</td>
<td>5,296</td>
</tr>
<tr>
<td>Unfunded OPEB Obligation</td>
<td>59,886</td>
<td>20,360</td>
</tr>
<tr>
<td>Net Pension</td>
<td>(4,533)</td>
<td>(39,274)</td>
</tr>
<tr>
<td>Pensions (Deferred Inflow)</td>
<td>61,453</td>
<td>7,363</td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td>-</td>
<td>481</td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>4,509,277</td>
<td>219,809</td>
</tr>
<tr>
<td>Net Cash Flows - Operating Activities</td>
<td>$ 7,670,699</td>
<td>$ 51,413</td>
</tr>
</tbody>
</table>

NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES

| Increase (Decline) in Fair Value of Investments | $ 5,359 | $ (793) | $ 1,572 | $ 1,995 |
| Amortization of Bond Premium | 38,409 | - | - | - |
| Capital Contributions | - | 217,666 | - | - |
| Total Noncash Transactions | $ 43,768 | $ 216,873 | $ 1,572 | $ 1,995 |

RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION

| Cash and Investments | $ 29,281,750 | $ - | $ 757,681 | $ 1,500,076 |
| Less: Investments not Meeting the Definition of Cash Equivalents | (6,252,000) | - | (155,613) | (320,665) |
| Total Cash and Cash Equivalents | $ 23,029,750 | $ - | $ 602,068 | $ 1,179,411 |

The Notes to the Financial Statements are an integral part of this statement.
### RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>Grays Bay Marina</th>
<th>Storm Water Fund</th>
<th>Total Enterprise Funds</th>
<th>Total Internal Service Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income (Loss)</td>
<td>57,114</td>
<td>760,310</td>
<td>3,989,775</td>
<td>101,208</td>
</tr>
<tr>
<td>Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation Expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid Items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special Assessments Receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OPEB (Deferred Outflow)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions (Deferred Outflow)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unfunded OPEB Obligation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Pension</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pensions (Deferred Inflow)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unearned Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Adjustments</td>
<td>11,365</td>
<td>1,657,342</td>
<td>6,674,642</td>
<td>134,058</td>
</tr>
<tr>
<td>Net Cash Flows - Operating Activities</td>
<td>68,479</td>
<td>2,417,652</td>
<td>10,664,417</td>
<td>235,266</td>
</tr>
</tbody>
</table>

### NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

- Increase (Decline) in Fair Value of Investments: $800
- Amortization of Bond Premium: $4,462
- Capital Contributions: $38,409

Total Noncash Transactions: $4,094

### RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION:

- Cash and Investments: $680,825
- Cash and Investments not Meeting the Definition of Cash Equivalents: $(145,215)

Total Cash and Cash Equivalents: $535,610

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota 

STATEMENT OF FIDUCIARY NET POSITION - 
FIDUCIARY FUNDS 
December 31, 2018 

<table>
<thead>
<tr>
<th>Private-Purpose Trust</th>
<th>Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$288,880</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>1,284</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>290,164</td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>833</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>833</td>
</tr>
<tr>
<td><strong>NET POSITION:</strong></td>
<td></td>
</tr>
<tr>
<td>Net Position, Held in Trust for Other Purposes</td>
<td>$289,331</td>
</tr>
</tbody>
</table>

The Notes to the Financial Statements are an integral part of this statement.
CITY OF MINNETONKA  
Hennepin County, Minnesota  

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>ADDITIONS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions from Participants</td>
<td>$ 14,677</td>
</tr>
<tr>
<td>Investment Earnings</td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>4,810</td>
</tr>
<tr>
<td>Total Additions</td>
<td>19,487</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEDUCTIONS:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefits</td>
<td>5,549</td>
</tr>
<tr>
<td>Change in Net Position</td>
<td>13,938</td>
</tr>
</tbody>
</table>

| Net Position - January 1                       | 275,393 |
| Net Position - December 31                    | $ 289,331 |

The Notes to the Financial Statements are an integral part of this statement.
NOTES TO BASIC
FINANCIAL STATEMENTS
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City was formed and operates pursuant to applicable Minnesota laws and statutes. The governing body consists of a mayor and a six member City Council with four members elected by wards and two members elected at large by voters of the City to serve four year staggered terms.

In accordance with Governmental Accounting Standards Board (GASB) guidance regarding The Reporting Entity, the financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization’s governing body and the City is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization, or if there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined in accordance with GASB guidance and are presented in this report as follows:

- Blended Component Unit – Reported as if they were a part of the City
- Joint Ventures and Jointly Governed Organizations – The relationship of the City with the joint venture is disclosed

For each of the categories above, the specific entities are identified as follows:

Blended Component Unit

Economic Development Authority in and for the City of Minnetonka

The Economic Development Authority (EDA) is a legally separate advisory board to the City Council regarding economic development, housing and redevelopment matters. All debt issued (if any) in connection with EDA advisory activities requires the prior approval of the City Council, all projects require City Council approval and all debt issued (if any) is solely a general obligation of the City. All of the services provided by the EDA are solely for the City; therefore, it is reported as if it were part of the City and is shown as a blended component unit. The EDA has a December 31 year-end and does not issue Financial Statements. This unit is included within the Housing & Redevelopment Authority Special Revenue Fund.
A. Reporting Entity (Continued)

Joint Ventures and Jointly Governed Organizations

The City has several agreements with governmental and other entities which provide reduced costs, better service and additional benefits to the participants. These programs, which the City participates in, are listed below and amounts recorded within the current year financial statements are disclosed.

1. Southwest Suburban Cable Commission (a Jointly Governed Organization)

Five local cities oversee the franchise agreement with Time/Warner Cable, the local cable company. The Southwest Suburban Cable Commission (Commission) is legally separate; the City does not appoint a voting majority of the Board; and the Commission is fiscally independent of the City. During 2018, the City contributed approximately $47,600 to the Commission, which is included as an expenditure in the Special Revenue – Cable TV Fund, a nonmajor fund included with the City’s other nonmajor governmental funds. Financial information can be obtained at 1010 First Street South, Hopkins, Minnesota 55343.

2. LOGIS (a Jointly Governed Organization)

This consortium of approximately 20 governmental entities provides computerized data processing and support services to its members. LOGIS is legally separate; the City does not appoint a voting majority of the Board; and the consortium is fiscally independent of the City. During 2018, the City paid $1,014,203 to this organization for services provided, which is included as expenditures/expenses of the General, Water and Sewer Utility, Capital Replacement and Technology Development Funds. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

3. LOGIS Insurance Group (a Jointly Governed Organization)

This group provides cooperative purchasing of health and life insurance benefits for approximately 44 governmental entities. The total amount paid in 2018 was approximately $2,348,300 for services provided, which includes the employee’s contribution as well as the City’s contribution. Financial information can be obtained at 5750 Duluth Street, Golden Valley, Minnesota 55422-4036.

4. Independent School District 270 (Hopkins Schools) Joint Venture

The City and Hopkins Schools entered into an agreement to jointly fund the Lindbergh Activity Center that was completed in 1996 at Hopkins High School. The facility is owned jointly by Hopkins Schools and the City as tenants-in-common, 71% and 29%, respectively. The City is responsible for 29% of the operating costs. The City has included $1,421,000 in capital assets as its share of the Lindbergh Activity Center. The City’s share of the operating costs of the Lindbergh Activity Center for 2018 was approximately $106,900, which is included in parks and recreation expenditures of the General Fund. Financial information can be obtained at 1001 West Highway 7, Hopkins, Minnesota 55305.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Joint Ventures and Jointly Governed Organizations (Continued)

5. Independent School District 276 (Minnetonka Schools) Joint Venture

The City and Minnetonka Schools entered into an agreement to jointly fund a cultural arts center in 2000 at Minnetonka High School. At that time, the facility was jointly owned by Minnetonka Schools and the City as tenants-in-common, 55% and 45%, respectively, with the City being responsible for 50% of the annual operating costs. On July 1, 2009 the joint venture agreement was modified to accommodate Minnetonka Schools purchasing the City’s share of the facility over the next seven years. In return, the City will not be responsible for any future operating and capital expenditures, and will also maintain a guaranteed number of rehearsal hours through a 20-year operating lease with Minnetonka Schools. The City’s operating lease cost for 2018 was $51,000.

The City accounts for this investment as a joint venture in the government-wide financial statements. The joint venture does not represent current financial resources and is therefore not reported in the governmental funds. In 2015, the final payment was made bringing the balance due in this joint venture to zero. Financial information can be obtained at 5621 County Road 101, Minnetonka, Minnesota 55345.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. The Fiduciary Funds are only reported in the Statement of Fiduciary Net Position at the fund financial statement level. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, which include the Fiduciary Funds which utilize accrual basis but do not have a measurement focus.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Description of Funds:

Major Governmental Funds:

General Fund – This Fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Capital Project Funds

Community Investment Fund – This Fund accounts for the government’s residuals from special assessment funds where the bond has been retired. Expenditures from this fund are for projects that have a government-wide benefit.

Special Assessment Construction Fund – This Fund accounts for the proceeds of bonds sold for the purpose of water, sewer and street construction.
CITY OF MINNETONKA  
Hennepin County, Minnesota  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2018  

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)  

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)  

Major Governmental Funds: (Continued)  

Capital Project Funds (Continued)  

State Municipal Aid Fund – This Fund accounts for the revenues and expenditures related to the construction of county state-aid roads and the municipal state-aid street system.  

Street Improvement Fund – This Fund accounts for the revenues and expenditures related to the reconstruction and maintenance of the local street system.  

Major Proprietary Funds:  

Water and Sewer Utilities Fund – This Fund accounts for the operations of the City’s water and sewer services.  

Ice Arena Fund – This Fund accounts for the operations of the City’s ice arena.  

Environmental Fund – This Fund accounts for the operations of the City’s recycling services.  

Williston Fitness Center Fund – This Fund accounts for the operations of the City’s fitness center.  

Grays Bay Marina Fund – This Fund accounts for the operations of the City’s marina.  

Storm Water Fund – This Fund accounts for the operations of the City’s storm drainage services.  

Additionally, the City reports the following fund types:  

Internal Service Funds – These Funds account for the risk management and fleet maintenance provided to other departments of the City on a cost-reimbursement basis.  

Private Purpose Trust Funds – These Funds account for resources legally held in trust for others. The City’s three stewardship trust funds are used to account for the collection and remittance of contributions for the maintaining of wetlands in each specific development area.
C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the City reports the following fund types: (Continued)

Agency Fund – This fund is custodial in nature and does not present results of operations or have a measurement focus. The Escrow agency fund is used to account for various deposits, mainly contractor deposits used to ensure the installment and maintenance of erosion and sediment control measures, required by the City.

The City’s financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations).

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government’s public utility fund, internal service funds, and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions. General revenues include all taxes, franchise fees and investment income.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity

1. Deposits and Investments

The government’s cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

_Minnesota Statutes_ require all deposits made by cities with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

1. Deposits and Investments (Continued)

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, shares of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers’ acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

The City’s investment policy has addressed concentration risk as to diversification and is required to limit potential losses to no more than the income generated by the portfolio. The City’s policy also addresses interest rate risk by limiting the average maturity life of the portfolio to no greater than five years unless a specific exemption is required to match specific cash flows.

Unless a specific exception is provided, the maximum average life of the portfolio, excluding investable funds from the Community Investment Fund, will be five years or below. The City will also not purchase investments that, at the time of the investment, cannot be held to maturity. In addition, the policy states the City will handle its investment transactions with several legal, competing, reputable investment security dealers. The City’s policy addresses credit risk by stating investments in commercial paper must have a security rating of A-1 (Moody’s), P-1 (Standard & Poor’s) or F-1 (Fitch) among at least two of the three rating agencies. The City’s policy also addresses exposure to custodial credit risk; stating collateral shall be government securities in the amount of 110% of the excess over the current FDIC insurance amount of $250,000.

Investments for the government are reported at fair value. The Minnesota Municipal Investment Pool is regulated by *Minnesota Statutes* and the Board of Directors of the League of Minnesota Cities and is an unrated external investment pool that is valued at amortized cost with maturities of investments of one year or less.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as advances to/from other funds. All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

2. Receivables and Payables (Continued)

The City levies its property tax for the subsequent year during the month of December. December 29 is the last day the City can certify a tax levy to the County Auditor for collection during the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available.

Hennepin County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment is due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditor prepares the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditor also collects all special assessments, except for certain prepayments paid directly to the City.

3. Inventory and Other Assets

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

Inventories of the governmental funds are valued at average cost using the weighted average method. Inventories of the proprietary funds are valued at the lower of average cost using the weighted average method or market. Inventories of governmental funds are recorded as expenditures when consumed rather than purchased.

4. Use of Estimates

The preparation of the basic financial statement in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

5. Capital Assets

Capital assets, which include; property, plant, equipment and infrastructure assets (i.e., roads, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and enterprise funds in the proprietary fund statements. Capital assets are defined as assets with an initial cost of more than $10,000 or $100,000 depending on the asset type and an estimated useful life of greater than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.
D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

5. Capital Assets (Continued)

<table>
<thead>
<tr>
<th>Assets</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Structures</td>
<td>$25,000</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>100,000</td>
</tr>
<tr>
<td>Machinery and Auto; Furniture and Equipment</td>
<td>10,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>100,000</td>
</tr>
<tr>
<td>Parks</td>
<td>100,000</td>
</tr>
<tr>
<td>Storm Sewer System</td>
<td>100,000</td>
</tr>
<tr>
<td>Water &amp; Sanitary Sewer Systems</td>
<td>100,000</td>
</tr>
<tr>
<td>Intangible Assets</td>
<td>100,000</td>
</tr>
</tbody>
</table>

Infrastructure has been capitalized retroactively to 1980. Carrying value of prior infrastructure assets is considered to be insignificant to the overall value of capital assets of the City. Donated capital assets are recorded at acquisition value at the date of donation. It is the City’s policy to not capitalize computer software or equipment. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized.

The City’s capital assets are depreciated using the straight-line method over the following estimated useful lives:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building and Structures</td>
<td>40</td>
</tr>
<tr>
<td>Improvements other than Buildings</td>
<td>10-30</td>
</tr>
<tr>
<td>Machinery and Auto; Furniture and Equipment</td>
<td>5-15</td>
</tr>
<tr>
<td>Infrastructure</td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>35</td>
</tr>
<tr>
<td>Parks</td>
<td>20</td>
</tr>
<tr>
<td>Storm Sewer System</td>
<td>50</td>
</tr>
<tr>
<td>Water &amp; Sanitary Sewer Systems</td>
<td>40</td>
</tr>
</tbody>
</table>

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until a future event occurs.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

6. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until a future event occurs.

7. Compensated Absences

Under terms of union contracts and personnel policies, the City’s employees are granted vacations in varying amounts depending on length of service and union contract or employee classification. All full-time employees accumulate eight hours of sick leave per month of service. Upon termination, employees are paid for all unused vacation up to a maximum of 280 hours, depending on years of service. Severance pay is the greater of 1/3 of unused sick leave or 4 weeks of pay plus 1 week of pay for every year of service over 10 years, up to a maximum of 13 weeks, provided the employee is eligible to receive severance pay per the City’s personnel policy.

8. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize non-current liabilities to the extent they have matured or will be liquidated with expendable, available financial resources. Bond premiums and discounts are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

9. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from the PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position or Equity (Continued)

10. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

**Non Spendable** – consists of amounts that are not in spendable form, such as inventory.

**Restricted** – consist of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.

**Committed** – consists of internally imposed constraints. These constraints are established by Resolution of the City Council. Only the Council can remove or change the constraints placed on committed fund balances by formal resolution.

**Assigned** – Consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the City’s intended use. The City Council authorized the City Manager and itself to assign fund balance as necessary. These constraints are established by City Council and/or the City Manager.

**Unassigned** – the residual classification for the General Fund and also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, and then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City’s policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

The City Council has formally adopted a fund balance policy for the General Fund. The City’s policy is that the City Manager will assign in the annual budget a **Budget Stabilization Reserve**, which is an amount equivalent to thirty (30) to fifty (50) percent of the following year’s operating budget. If the level of the **Budget Stabilization Reserve** falls below thirty (30) percent of the following year’s operating budget, the City will develop and implement a plan to replenish the fund.
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “internal service funds are used by management to charge the costs of providing risk management and fleet maintenance for the City.” The details of this $2,349,640 difference are as follows:

Net Position of the Internal Service Fund $ 2,636,183

Subtract: Net Position Attributed to the Business-Type Activities (286,543)

Net Adjustment to Increase Fund Balance - Total Governmental Funds to Arrive at Net Position - Governmental Activities $ 2,349,640

B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balance – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.” The details of this $1,290,348 difference are as follows:

Principal Repayments:
   General Obligation Debt $ 1,260,000

Amortization of Bond Discounts and Premiums:
   General Obligation Debt - Net 30,348

Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities $ 1,290,348
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

B. Explanation of Certain Differences between the Governmental Fund Statements of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (Continued)

Another element of that reconciliation states that “Internal Service Funds are used by management to charge the costs of providing risk management and fleet maintenance for the City.” The details of this $61,856 difference are as follows:

Change in Net Position of the Internal Service Fund $ 146,358
Subtract: Gain from Charges to Business-Type Activities (84,502)

Net Adjustment to Increase Net Change in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities $ 61,856

C. Explanation of Certain Differences between the Proprietary Fund Statements of Net Position and the Government-Wide Statement of Net Position

The proprietary fund statement of net position includes a reconciliation between net position – total enterprise funds and net position of business-type activities as reported in the government-wide statement of net position. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this $286,543 are as follows:

Internal Payable Representing Charges in Excess of Costs to Business-Type Activities - Prior Year $ 202,041
Internal Payable Representing Costs in Excess of Charges to Business-Type Activities - Current Year 84,502

Net Adjustment to Increase Net Position - Total Enterprise Funds to Arrive at Net Position - Business-Type Activities $ 286,543

D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Fund Net Position and the Government-Wide Statement of Activities

The proprietary fund statement of revenues, expenses, and changes in fund net position includes a reconciliation between change in net position – total enterprise funds and change in net position of business-type activities as reported in the government-wide statement of activities. The description of the sole reconciliation is “adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.” The details of this $84,502 are as follows:
NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)

D. Explanation of Certain Differences between the Proprietary Fund Statements of Revenues, Expenses, and Changes in Fund Net Position and the Government-Wide Statement of Activities (Continued)

Gain from Charges to Business-Type Activities $ 84,502

Net Adjustment to Increase Net Change in Net Position - Total Enterprise Funds to Arrive at Changes in Net Position of Business-Type Activities $ 84,502

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are legally adopted for the General and Special Revenue Funds.

Budget amounts for the originally adopted budget and the final amended budget are approved by the City Council. Encumbrance accounting is employed in the governmental funds. Encumbrances outstanding at year end are reported as restrictions of fund balance and do not constitute expenditures of liabilities because the commitments will be reapportioned and honored during the subsequent year. Budgeted expenditure appropriations lapse at year-end.

The City follows these procedures in establishing the budgetary data reflected in the enclosed financial statements:

1. The City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for all funds of the City. However, the General and Special Revenue Funds are the only funds that are legally adopted through the budgetary process as documented below.

2. Public hearings are conducted to obtain taxpayer comments.

3. The preliminary budget is legally enacted through passage of a City Council resolution by September 15.

4. The final budget is legally enacted through passage of a resolution by December 20.

5. The City Council may authorize transfer of budgeted amounts between funds.

6. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

A. Budgetary Information (Continued)

7. General and Special Revenue Funds expenditures may not legally exceed budgeted appropriations at the total fund level without City Council approval. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services, supplies, other services and charges, capital outlay) within each activity. Budgetary monitoring, by departments or divisions and by category, is required by the City Charter. Management may alter the budget within a fund but cannot exceed the total budgeted expenditures for the fund that was approved by the City Council.

B. Excess of Expenditures over Appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the following funds:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants Fund</td>
<td>$22,936</td>
</tr>
<tr>
<td>Police Forfeiture Fund</td>
<td>41,414</td>
</tr>
<tr>
<td>Shady Oak Lane Cemetary</td>
<td>1,150</td>
</tr>
</tbody>
</table>

These over-expenditures were funded by greater than expected revenues in each of these funds and existing fund balance.

C. Deficit Fund Equity

The State Municipal Aid Capital Projects Fund had a deficit fund balance of $2,142,033 as of December 31, 2018. This fund incurred expenditures in excess of revenues and other financing sources due to various open street reconstruction projects. Future years Municipal State-Aid allocations are scheduled to cover the deficit fund balance. In addition, the Special Revenue Grants Fund and the Public Safety Capital Project fund had deficit fund balances of $39,590 and $33,784, respectively, due to cash flow timing that will be offset with fiscal year 2019 revenues.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits

Custodial Credit Risk – Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. As of December 31, 2018, the City’s bank balance was not exposed to custodial credit risk because it was insured and fully collateralized with securities held by the pledging financial institution’s trust department or agent and in the government’s name.

As of December 31, 2018, the City had deposits as follows:

<table>
<thead>
<tr>
<th>Account</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Checking</td>
<td>$657,957</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>$657,957</td>
</tr>
</tbody>
</table>
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments

As of December 31, 2018, the City had the following investments:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Fair Value</th>
<th>5 Years or Less</th>
<th>Over 5 Years</th>
<th>Ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td>FHLB</td>
<td>$24,711,828</td>
<td>$22,741,788</td>
<td>$1,970,040</td>
<td>AAA</td>
</tr>
<tr>
<td>FHLMC</td>
<td>16,843,940</td>
<td>15,841,200</td>
<td>1,002,740</td>
<td>AAA</td>
</tr>
<tr>
<td>FNMA</td>
<td>16,520,898</td>
<td>16,520,898</td>
<td>-</td>
<td>AAA</td>
</tr>
<tr>
<td>FNMAP</td>
<td>1,220,493</td>
<td>1,220,493</td>
<td>-</td>
<td>N/A</td>
</tr>
<tr>
<td>PEFCO</td>
<td>1,494,015</td>
<td>1,494,015</td>
<td>-</td>
<td>AAA</td>
</tr>
<tr>
<td>REFCORP</td>
<td>1,914,820</td>
<td>1,914,820</td>
<td>-</td>
<td>AAA</td>
</tr>
<tr>
<td>FFCB</td>
<td>5,229,285</td>
<td>4,249,065</td>
<td>980,220</td>
<td>AAA</td>
</tr>
<tr>
<td>Broker CD's</td>
<td>23,221,819</td>
<td>23,221,819</td>
<td>-</td>
<td>Not Rated</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>13,646,745</td>
<td>10,600,029</td>
<td>3,046,716</td>
<td>AA/Aa2</td>
</tr>
<tr>
<td>4-M</td>
<td>30,872,968</td>
<td>30,872,968</td>
<td>-</td>
<td>Not Rated</td>
</tr>
</tbody>
</table>

| Total             | $135,676,811| $128,677,095 | $6,999,716   |         |

Interest Rate Risk: In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturities of its portfolio. Unless a specific exception is provided, the maximum average life of the portfolio, excluding investable funds from the Community Investment Fund, will be five years or below. For 2018, the average life of the City’s portfolio was 1.9 years made up of $128,677,095 of investments maturing in 5 years or less and $6,999,716 maturing in excess of five years.

The $6,999,716 of investments maturing in excess of five years is covered by $21,025,547 held in the Community Investment Fund and is within the City’s investment policy limit. Also, no investments have maturities of more than 10 years.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City invests with the 4M fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated external investment pool that is valued at amortized cost and does not restrict or limit withdrawals made by the City. The City also invests in other brokered CD’s and money market accounts where investments with maturities of less than one year being valued at amortized cost, and investments with maturities greater than one year being valued based on quoted prices of similar investments. As of December 31, 2018, the City’s investments are rated in the above table.
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (Continued)

Concentration of Credit Risk: The risk of loss attributed to the magnitude of the City’s investments in a single issuer. The City places limits on the amount that may be invested in any one issuer according to Minnesota Statute 118A. As of December 31, 2018, more than 5 percent of the City’s investments are held in FHLMC, FHLB and FNMA. These investments are 12%, 18% and 12%, respectively, of the City’s total investments and fall within the allowable 70% maximum allowable holdings of these types of investments.

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The City's investments are insured by SIPC or other supplemental insurance, held in the City's name by the counter party as of December 31, 2018. However, each investment brokerage firm may have a limit to their supplemental insurance and because of the size of the City's portfolio in relation to the brokerage firm's excess SIPC coverage limits, there is a risk the City would not receive its entire portfolio holdings if a brokerage firm should fail.

Summary of cash, deposits and investments as of December 31, 2018:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Cash</td>
<td>$18,400</td>
</tr>
<tr>
<td>Deposits</td>
<td>657,957</td>
</tr>
<tr>
<td>Investments</td>
<td>135,676,811</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$136,353,168</strong></td>
</tr>
</tbody>
</table>

Cash, deposits and investments are presented in the December 31, 2018 basic financial statements as follows:

Statement of Net Position:
Cash and Investments (Including Cash Equivalents) $134,253,919

Statement of Fiduciary Net Position:
Cash and Investments (Including Cash Equivalents)
Private-Purpose Trust Funds $288,880
Agency Funds 1,810,369
Total Deposits and Investments $136,353,168
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

B. Investments (Continued)

Fair Value measurement: The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and requires expanded disclosures about fair value measurements.

In accordance with this standard, the City has categorized its investments based on the priority of the inputs to the valuation technique into a three level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

- **Level 1** – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

- **Level 2** – Financial assets and liabilities are valued based on quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data.

- **Level 3** – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity’s own assumptions about the assumptions that market participants would use in pricing the asset.

As of December 31, 2018 the City’s investments fall into the following categories of fair value and are reported using market closing prices.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S Agencies and Treasury Notes</td>
<td>$</td>
<td>$67,935,279</td>
<td>$</td>
<td>$67,935,279</td>
</tr>
<tr>
<td>Municipal Bonds</td>
<td>-</td>
<td>$13,646,745</td>
<td>-</td>
<td>13,646,745</td>
</tr>
<tr>
<td>Broker Certificates of Deposit</td>
<td>-</td>
<td>9,761,207</td>
<td>-</td>
<td>9,761,207</td>
</tr>
<tr>
<td>Total</td>
<td>$</td>
<td>$91,343,231</td>
<td>$</td>
<td>91,343,231</td>
</tr>
<tr>
<td>Investments measured at amortized cost</td>
<td>44,333,580</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$135,676,811</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

C. Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Balance</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets, Not Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$21,495,870</td>
<td>$760,154</td>
<td>$ -</td>
<td>$22,256,024</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>$11,277,820</td>
<td>12,054,949</td>
<td>(8,752,341)</td>
<td>$14,580,428</td>
</tr>
<tr>
<td>Total Capital Assets, Not Being Depreciated</td>
<td>32,773,690</td>
<td>12,815,103</td>
<td>(8,752,341)</td>
<td>36,836,452</td>
</tr>
<tr>
<td>Capital Assets, Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Structures</td>
<td>$22,384,556</td>
<td>106,756</td>
<td>-</td>
<td>$22,491,312</td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>8,199,409</td>
<td>-</td>
<td>-</td>
<td>8,199,409</td>
</tr>
<tr>
<td>Furniture and Equipment</td>
<td>3,355,170</td>
<td>16,097</td>
<td>-</td>
<td>3,371,267</td>
</tr>
<tr>
<td>Machinery and Auto</td>
<td>10,727,912</td>
<td>1,361,664</td>
<td>(515,624)</td>
<td>11,573,952</td>
</tr>
<tr>
<td>Infrastructure:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Streets</td>
<td>93,821,027</td>
<td>8,884,359</td>
<td>-</td>
<td>102,705,386</td>
</tr>
<tr>
<td>Park Additions</td>
<td>17,275,795</td>
<td>-</td>
<td>-</td>
<td>17,275,795</td>
</tr>
<tr>
<td>Total Capital Assets, Being Depreciated</td>
<td>155,763,869</td>
<td>10,368,876</td>
<td>(515,624)</td>
<td>165,617,121</td>
</tr>
</tbody>
</table>

Less Accumulated Depreciation for
Building and Structures (15,507,514) (438,512) - (15,946,026) |
Improvements Other Than Buildings (6,193,120) (107,268) - (6,300,388) |
Furniture and Equipment (2,226,974) (237,654) - (2,464,628) |
Machinery and Auto (5,522,578) (1,221,398) 484,555 (6,259,421) |
Infrastructure: |
Streets (44,762,482) (2,714,245) - (47,476,727) |
Park Additions (5,160,089) (520,756) - (5,680,845) |
Total Accumulated Depreciation (79,372,757) (5,239,833) 484,555 (84,128,035) |
Total Capital Assets, Being Depreciated, Net 76,391,112 5,129,043 (31,069) 81,489,086 |
Governmental Activities |
Capital Assets, Net $109,164,802 $17,944,146 (8,783,410) $118,325,538 |

Depreciation expense for governmental activities was charged to functions/programs of the government as follows:

General Government $126,421 |
Development Services 29,956 |
Public Works 3,360,281 |
Public Safety 870,021 |
Parks and Recreation 853,154 |
Total Depreciation Expense $5,239,833 |

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### C. Capital Assets (Continued)

<table>
<thead>
<tr>
<th>Business-Type Activities:</th>
<th>Balance January 1, 2018</th>
<th>Additions</th>
<th>Retirements</th>
<th>Balance December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Assets, Not Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>$1,412,611</td>
<td>$ -</td>
<td>$ -</td>
<td>$1,412,611</td>
</tr>
<tr>
<td>Construction in Progress</td>
<td>7,956,229</td>
<td>6,939,967</td>
<td>(7,968,917)</td>
<td>6,927,279</td>
</tr>
<tr>
<td>Total Capital Assets, Not Being Depreciated</td>
<td>9,368,840</td>
<td>6,939,967</td>
<td>(7,968,917)</td>
<td>8,339,890</td>
</tr>
<tr>
<td>Capital Assets, Being Depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Structures</td>
<td>23,056,472</td>
<td>480,502</td>
<td>-</td>
<td>23,536,974</td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>4,202,388</td>
<td>-</td>
<td>-</td>
<td>4,202,388</td>
</tr>
<tr>
<td>Water Facilities</td>
<td>5,266,562</td>
<td>-</td>
<td>-</td>
<td>5,266,562</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>7,663,600</td>
<td>1,092,953</td>
<td>(279,935)</td>
<td>8,476,618</td>
</tr>
<tr>
<td>Sewer Lift Stations</td>
<td>3,987,512</td>
<td>-</td>
<td>-</td>
<td>3,987,512</td>
</tr>
<tr>
<td>Distribution System</td>
<td>135,374,349</td>
<td>5,845,652</td>
<td>-</td>
<td>141,220,001</td>
</tr>
<tr>
<td>Storm Sewers</td>
<td>40,096,205</td>
<td>2,123,265</td>
<td>-</td>
<td>42,219,470</td>
</tr>
<tr>
<td>Total Capital Assets, Being Depreciated</td>
<td>219,647,088</td>
<td>9,542,372</td>
<td>(279,935)</td>
<td>228,909,525</td>
</tr>
<tr>
<td>Less Accumulated Depreciation for</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and Structures</td>
<td>(12,162,771)</td>
<td>(484,799)</td>
<td>-</td>
<td>(12,647,570)</td>
</tr>
<tr>
<td>Improvements Other Than Buildings</td>
<td>(1,536,152)</td>
<td>(164,369)</td>
<td>-</td>
<td>(1,700,521)</td>
</tr>
<tr>
<td>Water Facilities</td>
<td>(3,661,573)</td>
<td>(83,768)</td>
<td>-</td>
<td>(3,745,341)</td>
</tr>
<tr>
<td>Machinery and Equipment</td>
<td>(5,537,110)</td>
<td>(373,889)</td>
<td>316,078</td>
<td>(5,594,921)</td>
</tr>
<tr>
<td>Sewer Lift Stations</td>
<td>(2,613,999)</td>
<td>(103,012)</td>
<td>-</td>
<td>(2,717,011)</td>
</tr>
<tr>
<td>Distribution System</td>
<td>(83,240,396)</td>
<td>(3,198,799)</td>
<td>-</td>
<td>(86,439,195)</td>
</tr>
<tr>
<td>Storm Sewers</td>
<td>(17,536,536)</td>
<td>(901,498)</td>
<td>-</td>
<td>(18,438,034)</td>
</tr>
<tr>
<td>Total Accumulated Depreciation</td>
<td>(126,288,537)</td>
<td>(5,310,134)</td>
<td>316,078</td>
<td>(131,282,593)</td>
</tr>
<tr>
<td>Total Capital Assets, Being Depreciated, Net</td>
<td>93,358,551</td>
<td>4,232,238</td>
<td>36,143</td>
<td>97,626,932</td>
</tr>
</tbody>
</table>

#### Business-Type Activities

| Capital Assets, Net | $102,727,391 | $11,172,205 | $(7,932,774) | $105,966,822 |

Depreciation expense for business-type activities was charged to functions/programs of the government as follows:

- **Water and Sewer Utilities**: $3,998,339
- **Ice Arena**: 168,908
- **Williston Fitness Center**: 159,019
- **Grays Bay Marina**: 24,651
- **Storm Water Fund**: 959,217

**Total Depreciation Expense**: $5,310,134
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

D. Leases

Effective July 1, 2009, the City entered into a 20-year operating lease with Minnetonka School District to provide space within the Arts Center for an operational home for Music Association of Minnetonka (MAM). The lease can be terminated with at least one year’s written notice. The total cost of the operating lease for the year ended December 31, 2018 was $51,000. The future minimum lease payments for the lease are as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>57,600</td>
</tr>
<tr>
<td>2020</td>
<td>57,600</td>
</tr>
<tr>
<td>2021</td>
<td>57,600</td>
</tr>
<tr>
<td>2022</td>
<td>57,600</td>
</tr>
<tr>
<td>2023</td>
<td>57,600</td>
</tr>
<tr>
<td>2024-2028</td>
<td>288,000</td>
</tr>
<tr>
<td>Total</td>
<td>$ 576,000</td>
</tr>
</tbody>
</table>

E. Long-Term Debt

1. General Obligation Bonds

The City issues General Obligation (G.O.) Bonds to provide for financing of park improvements and municipal state-aid road improvements. G.O. Bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal debt service payments each year.

2. Revenue Bonds

The City has issued revenue bonds for water improvements. Debt service is covered through the revenue producing activities of the Water and Utilities Fund.
### NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

#### E. Long-Term Debt (Continued)

#### 3. Components of Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2018, was as follows:

<table>
<thead>
<tr>
<th>Governmental Activities:</th>
<th>Interest Rates/ Final Maturity Date</th>
<th>Balance at January 1, 2018</th>
<th>Issued</th>
<th>Retired</th>
<th>Balance at December 31, 2018</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bonds Payable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation State-Aid</td>
<td>3.25 - 4% / 4/1/2024</td>
<td>$1,070,000</td>
<td>$ -</td>
<td>$125,000</td>
<td>$945,000</td>
<td>$150,000</td>
</tr>
<tr>
<td>Street Bonds, Series 2008A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Open Space and Park</td>
<td>3.25 - 4% / 2/1/2020</td>
<td>1,410,000</td>
<td>-</td>
<td>150,000</td>
<td>1,260,000</td>
<td>620,000</td>
</tr>
<tr>
<td>Improvement Bonds, Series 2008B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Open Space and Park</td>
<td>2.00 - 3% / 2/1/2018</td>
<td>410,000</td>
<td>-</td>
<td>410,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improvement Refunding Bonds, Series 2010A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Open Space and Park</td>
<td>1.00 - 2% / 2/1/2020</td>
<td>1,115,000</td>
<td>-</td>
<td>365,000</td>
<td>750,000</td>
<td>375,000</td>
</tr>
<tr>
<td>Refunding Bonds, Series 2012A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Open Space and Park</td>
<td>2.00% / 2/1/2027</td>
<td>2,440,000</td>
<td>-</td>
<td>210,000</td>
<td>2,230,000</td>
<td>230,000</td>
</tr>
<tr>
<td>Unamortized Bond Premium</td>
<td>153,048</td>
<td>-</td>
<td>30,424</td>
<td>122,624</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unamortized Bond Discount</td>
<td>(156)</td>
<td>-</td>
<td>(76)</td>
<td>(80)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total G.O. Bonds, net</strong></td>
<td>6,597,892</td>
<td>-</td>
<td>1,290,348</td>
<td>5,307,544</td>
<td>1,375,000</td>
<td></td>
</tr>
<tr>
<td><strong>Compensated Absences</strong></td>
<td>2,906,092</td>
<td>2,088,932</td>
<td>1,849,024</td>
<td>3,146,000</td>
<td>1,849,024</td>
<td></td>
</tr>
<tr>
<td><strong>Governmental Activity Long-Term Liabilities</strong></td>
<td>$9,503,984</td>
<td>$2,088,932</td>
<td>$3,139,372</td>
<td>$8,453,544</td>
<td>$3,224,024</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business-Type Activities:</th>
<th>Interest Rates/ Final Maturity Date</th>
<th>Balance at January 1, 2018</th>
<th>Issued</th>
<th>Retired</th>
<th>Balance at December 31, 2018</th>
<th>Due Within One Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bonds Payable:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Water Revenue</td>
<td>1.00 - 2% / 2/1/2020</td>
<td>$845,000</td>
<td>$ -</td>
<td>$275,000</td>
<td>$570,000</td>
<td>$280,000</td>
</tr>
<tr>
<td>Refunding Bonds, Series 2012A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Utility Revenue</td>
<td>2.00 - 2.35% / 2/1/2036</td>
<td>10,000,000</td>
<td>-</td>
<td>335,000</td>
<td>9,665,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Refunding Bonds, Series 2016A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Utility</td>
<td>2.00 - 2.1% / 2/1/2036</td>
<td>7,560,000</td>
<td>-</td>
<td>265,000</td>
<td>7,295,000</td>
<td>340,000</td>
</tr>
<tr>
<td>Improvement Bonds, Series 2016B</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Utility</td>
<td>3.00 - 3.38% / 2/1/2040</td>
<td>431,957</td>
<td>330,125</td>
<td>38,409</td>
<td>723,673</td>
<td>-</td>
</tr>
<tr>
<td>Improvement Bonds, Series 2018A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unamortized Bond Premium</td>
<td>431,957</td>
<td>330,125</td>
<td>38,409</td>
<td>723,673</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenue Bonds, net</td>
<td>18,836,957</td>
<td>10,330,125</td>
<td>913,409</td>
<td>28,253,673</td>
<td>1,070,000</td>
<td></td>
</tr>
<tr>
<td><strong>Compensated Absences</strong></td>
<td>330,911</td>
<td>218,183</td>
<td>199,890</td>
<td>349,204</td>
<td>137,578</td>
<td></td>
</tr>
<tr>
<td><strong>Business-Type Activity Long-Term Liabilities</strong></td>
<td>$19,167,868</td>
<td>$10,548,308</td>
<td>$1,113,299</td>
<td>$28,602,877</td>
<td>$1,207,578</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

3. Components of Long-Term Liabilities (Continued)

For the governmental activities, compensated absences, pension and postemployment obligations are generally liquidated by the General Fund.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, compensated absences, which are reported in the internal service funds, are included in the above amounts.

Maturities of bonds payable for the next five years and in the aggregate thereafter are as follows:

<table>
<thead>
<tr>
<th>Years Ending December 31</th>
<th>G.O. Bonds</th>
<th>Revenue Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governmental Activities</td>
<td>Business-Type Activities</td>
</tr>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
</tr>
<tr>
<td>2019</td>
<td>1,375,000</td>
<td>125,300</td>
</tr>
<tr>
<td>2020</td>
<td>1,395,000</td>
<td>83,009</td>
</tr>
<tr>
<td>2021</td>
<td>385,000</td>
<td>55,950</td>
</tr>
<tr>
<td>2022</td>
<td>385,000</td>
<td>45,300</td>
</tr>
<tr>
<td>2023</td>
<td>420,000</td>
<td>34,050</td>
</tr>
<tr>
<td>2024-2028</td>
<td>1,225,000</td>
<td>46,050</td>
</tr>
<tr>
<td>2029-2033</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2034-2038</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>2039-2040</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$5,185,000</td>
<td>$389,659</td>
</tr>
</tbody>
</table>

The G.O. Utility Revenue Note, Series 2015 was issued on December 29, 2015. The proceeds from the note will be used to reimburse and additionally fund the Utilities Fund for certain capital improvement projects to upgrade the City’s utility infrastructure system.

The G.O. Utility Revenue Refunding Bonds, Series 2016A were issued in 2016 to refund the G.O Utility Revenue Note, Series 2015. The defeasance of the 2015 Temporary Note did not result in an economic gain or loss and there was no aggregate difference in debt service between the refunding and the refunded debt.

The G.O. Utility Improvement Bonds, Series 2016B were issued in 2016 to fund certain capital improvement projects to upgrade the City’s utility infrastructure system.

The G.O. Utility Revenue Bonds, Series 2018A were issued in September of 2018 to fund certain capital improvement projects to upgrade the City’s utility infrastructure system.
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

3. Components of Long-Term Liabilities (Continued)

The G.O. State-Aid Street Bonds, Series 2008A are general obligation bonds used for the reconstruction of County State-Aid Highway 61 (Shady Oak Road) between Bren Road and Excelsior Boulevard.

The G.O. Open Space and Park Improvement Bonds, Series 2008B are general obligation bonds were used to purchase open space and make park improvements to the existing park system.

The G.O Open Space and Park Improvement Bonds, Series 2016B were issued in 2016 to reimburse the City for the purchase of property for open space preservation within the City. These bonds are the last in a series authorized by special election on September 11, 2001.

There are a number of financial limitations and restrictions contained in the various bond indentures. At December 31, 2018, the City is in compliance with all significant financial limitations and restrictions.

The voters of the City approved, by special election on September 11, 2001, the issuance and sale by the City of G.O. Bonds of the City in an aggregate amount not to exceed $15,000,000. The purpose of the Bonds, as approved by the voters, is to provide financing for a Parks Renewal and Open Space Preservation Program. As of December 31, 2016 all authorized bonds up to the $15,000,000 have been issued. As of December 31, 2018, $2,230,000 of these bonds remain outstanding.

4. Conduit Debt Obligations

From time-to-time, the City has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The Bonds are secured by the underlying property enhanced and are payable solely from payments received from the benefited entity. Neither the City, the State of Minnesota, nor any political subdivision, thereof, is obligated in any manner for repayment of the bonds. Accordingly, the Bonds are not reported as liabilities in the basic financial statements. As of December 31, 2018, there were 20 series of Revenue Bonds outstanding, with an approximate outstanding balance of $215,515,890.
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

E. Long-Term Debt (Continued)

5. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

<table>
<thead>
<tr>
<th>Bond Issue</th>
<th>Use of Proceeds</th>
<th>Revenue Pledged</th>
<th>Percent of Total Debt Service</th>
<th>Debt Service as a % of Net Revenues</th>
<th>Term of Pledge</th>
<th>Remaining Principal and Interest</th>
<th>Current Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A GO Water Revenue Refunding Bonds</td>
<td>Refund Original Debt used for Water Utility Infrastructure</td>
<td>Utility Revenue</td>
<td>100%</td>
<td>n/a</td>
<td>2013 - 2020</td>
<td>$581,500</td>
<td>$289,150</td>
</tr>
<tr>
<td>2016A GO Utility Revenue Refunding Bonds</td>
<td>Refund Original Debt used for Water Utility Infrastructure</td>
<td>Utility Revenue</td>
<td>100%</td>
<td>n/a</td>
<td>2017 - 2036</td>
<td>$11,606,866</td>
<td>$537,808</td>
</tr>
<tr>
<td>2016B GO Utility Revenue Bonds</td>
<td>Water Utility Infrastructure</td>
<td>Utility Revenue</td>
<td>100%</td>
<td>n/a</td>
<td>2017 - 2036</td>
<td>$8,697,740</td>
<td>$414,260</td>
</tr>
<tr>
<td>2018 GO Utility Revenue Bonds</td>
<td>Water Utility Infrastructure</td>
<td>Utility Revenue</td>
<td>100%</td>
<td>n/a</td>
<td>2020 - 2040</td>
<td>$14,308,312</td>
<td>$ -</td>
</tr>
</tbody>
</table>

F. Commitments

At December 31, 2018, the City had the following contract commitments outstanding:

<table>
<thead>
<tr>
<th>Project</th>
<th>Contractor</th>
<th>Commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shady Oak Road Project</td>
<td>Hennepin County</td>
<td>$238,489</td>
</tr>
<tr>
<td>Shady Oak Road Landscaping</td>
<td>Southview Design</td>
<td>$28,558</td>
</tr>
<tr>
<td>Co Rd 101, CR 62 - CR3</td>
<td>Hennepin County</td>
<td>$208,862</td>
</tr>
<tr>
<td>Building Automation Upgrade</td>
<td>Metropolitan Mechanical</td>
<td>$315,959</td>
</tr>
<tr>
<td>Williston Rd Lift Station Forcemain</td>
<td>Widmer Construction</td>
<td>$388,839</td>
</tr>
<tr>
<td>2018 Street Rehab - Woodhill Rd</td>
<td>Park Construction Co.</td>
<td>$892,482</td>
</tr>
<tr>
<td>Ridgehaven Ln / Ridgedale Dr</td>
<td>C.S. McCrossan Construction, Inc.</td>
<td>$869,703</td>
</tr>
<tr>
<td>City Hall Renovation</td>
<td>RAM General Contracting</td>
<td>$1,415,291</td>
</tr>
<tr>
<td>Pickelball Courts</td>
<td>New Look Contracting</td>
<td>$83,559</td>
</tr>
<tr>
<td>Bren and Tanglen Water Storage Rehab</td>
<td>Champion Tank Services</td>
<td>$184,620</td>
</tr>
<tr>
<td>Plymouth Rd Trail - Phase 1</td>
<td>Bituminous Roadways Inc.</td>
<td>$63,719</td>
</tr>
<tr>
<td>CSAH 101 N Landscaping</td>
<td>G. Urban Companies, Inc.</td>
<td>$56,751</td>
</tr>
<tr>
<td>CSAH 101 S Landscaping</td>
<td>Hoffman &amp; McNarama Company</td>
<td>$19,103</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$4,765,935</strong></td>
</tr>
</tbody>
</table>

79
## G. Interfund Transactions

### 1. Interfund Receivables and Payables

<table>
<thead>
<tr>
<th>Receivable Fund</th>
<th>Payable Fund</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water and Sewer Utilities Fund</td>
<td>Ice Arena Fund</td>
<td>$359,542</td>
<td>[1]</td>
</tr>
<tr>
<td>Street Improvement Fund</td>
<td>State Municipal Aid Fund</td>
<td>1,783,770</td>
<td>[2]</td>
</tr>
<tr>
<td>General Fund</td>
<td>Other Nonmajor</td>
<td>42,596</td>
<td>[3]</td>
</tr>
<tr>
<td>Capital Replacement Fund</td>
<td>Other Nonmajor</td>
<td>32,556</td>
<td>[4]</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,218,464</strong></td>
<td></td>
</tr>
</tbody>
</table>

[1] The interfund receivable and payable eliminated what would have been a negative cash balance. The City expects these interfund transactions to be settled in January 2019.

[2] This interfund receivable and payable eliminated what would have been a negative cash balance. The negative cash in the State Municipal Aid Fund is related to current road projects that will be reimbursed by the State of Minnesota for its share of the construction costs in future years.

[3] This interfund receivable and payable eliminated what would have been a negative cash balance. The negative cash in the Grants Fund is related to cash flow timing due to the reimbursement nature of the fund. The City expects these interfund transactions to be settled in January 2019.

[4] This interfund receivable and payable eliminated what would have been a negative cash balance. The negative cash in the Public Safety Fund is related to cash flow timing of fund expenditures. The City expects these interfund transactions to be settled in January 2019.

### 2. Transfers

<table>
<thead>
<tr>
<th>Transfer To</th>
<th>Transfer From</th>
<th>Amount</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>Other Nonmajor</td>
<td>$32,700</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Other Nonmajor Fund</td>
<td>63,500</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Grays Bay Marina</td>
<td>11,500</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Environmental</td>
<td>199,800</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Special Assessment Construction</td>
<td>39,800</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Storm Water Fund</td>
<td>145,300</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Water and Sewer Utilities</td>
<td>800,000</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Williston Center</td>
<td>49,100</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Ice Arena</td>
<td>32,700</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>General Fund</td>
<td>Other Nonmajor</td>
<td>10,189</td>
<td>Annual budgeted transfer</td>
</tr>
<tr>
<td>Special Assessment Construction</td>
<td>Other Nonmajor Fund</td>
<td>197,266</td>
<td>Yearly transfer for Shady Oak Road Property</td>
</tr>
<tr>
<td>Special Assessment Construction</td>
<td>Community Investment Fund</td>
<td>500,000</td>
<td>Construction costs</td>
</tr>
<tr>
<td>Community Investment</td>
<td>General Fund</td>
<td>63,000</td>
<td>Construction costs</td>
</tr>
<tr>
<td>Ice Arena</td>
<td>General Fund</td>
<td>50,000</td>
<td>Funding support</td>
</tr>
<tr>
<td>Street Improvement Fund</td>
<td>Utility Fund</td>
<td>62,422</td>
<td>Construction costs</td>
</tr>
<tr>
<td>Other Nonmajor</td>
<td>Other Nonmajor</td>
<td>7,000</td>
<td>Software Costs</td>
</tr>
<tr>
<td>Other Nonmajor</td>
<td>Other Nonmajor</td>
<td>100,000</td>
<td>Budgeted transfer for WHAHLT programs</td>
</tr>
<tr>
<td>Other Nonmajor</td>
<td>General Fund</td>
<td>1,200,000</td>
<td>Construction costs</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>$3,564,277</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

G. Interfund Transactions (Continued)

3. Advances To/From Other Funds

The Community Investment Fund advanced $945,000 to the Williston Fitness Center for renovation/construction purposes. This advance will be paid back to the Community Investment Fund in annual installments of $94,500 from the Williston Center, bearing no interest through the year 2020. The amount still outstanding at 12/31/2018 was $189,000.

The Development Fund advanced $502,588 to the Glen Lake TIF District for relocation costs of the Alano property. This advance will be paid back to the Development Fund as tax increments are collected. The amount outstanding at 12/31/2018 was $502,588.

H. Segment Information

The City maintains six Enterprise Funds that account for the water and sewer utility, ice arena facilities, recycling activities, a fitness center, a recreational marina and the storm water utility. The City considers each of its Enterprise Funds to be a segment. Since the required segment information is already included in the City’s proprietary funds’ Statement of Fund Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position balance, this information has not been repeated in the notes to the basic financial statements.

I. Contingencies

There are several lawsuits pending in which the City is involved. The City estimates the potential claims not covered by insurance resulting from such litigation would not materially affect the financial statements of the City.
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

J. Tax Abatements

The City enters into property tax abatement agreements through the use of tax increment financing districts with businesses under various Minnesota Statutes. Under these statutes the City annually abates taxes collected above the districts’ base tax capacity which is established during adoption of the tax increment district. These agreements are established to foster economic development and redevelopment through creating jobs, removing blight and providing affordable housing. The City uses Minnesota Statutes 469.001 to 469.047 and 469.174 to 469.179 (The Tax Increment Act) to create these districts. In addition, the City also uses Minnesota Statutes 469.1812 to 469.1815 to abate property taxes to be used for development.

For the fiscal year ended December 31, 2018, the City has four agreements established under Minnesota Statutes 469.174 to 469.179, which resulted in property taxes totaling $2,163,422 being abated. These agreements include:

- Beacon Hill Housing District: A pay as you go note to finance the cost of a 110 unit rental housing facility for seniors and a 42 unit assisted living facility for seniors. The abatement amount was $241,238.

- Glenhaven TIF District: A revenue pay as you go note to finance the cost of a mixed use redevelopment including an apartment building with retail and a senior housing care facility. The abatement amount was $474,503.

- Tonka on the Creek: A pay go note to finance the cost of a 100 unit rental housing facility, with 20% of the units made affordable to families at or below 50% of the area median income. The abatement amount was $250,153.

- Rowland Road: A pay as you go note to finance the cost of a 106 unit apartment complex, with 20% of the units made affordable to families at or below 50% of the area median income. The abatement amount was $248,367.

- Applewood Pointe: A pay as you go note to finance the cost of an 87 unit senior housing cooperative. The abatement amount was $266,716.

- Boulevard Gardens TIF District: Although the original pay as you go note to finance the cost of a mixed use redevelopment including retail, affordable family and senior rental units, and condominium and townhomes has been retired, this TIF district continues to collect abated property taxes that are pooled to pay developers for other qualified affordable housing developments within the City. The abatement amount was $682,445.

For the fiscal year ended December 31, 2018, the City has one agreement established under Minnesota Statutes 469.1812 to 469.1815, which resulted in property taxes totaling $20,000 being abated. This abatement is for an agreement with General Growth Properties for an expansion to the regional Ridgedale Mall, located within the City. The expansion includes the addition of a new 138,000 square foot Nordstrom store, 84,000 additional square footage for the Macy’s store and 48,000 square feet of new restaurants at the mall. Under the agreement, the developer qualifies for a maximum reimbursement of $1,798,000 plus 5% interest calculated by completed project components.
NOTE 4 – DETAILED NOTES ON ALL FUNDS (CONTINUED)

K. Fund Balance/Net Position

At December 31, 2018, a summary of the governmental fund balance classifications is as follows:

<table>
<thead>
<tr>
<th>Nonspendable:</th>
<th>General Fund</th>
<th>Community Investment</th>
<th>Special Assessment Construction</th>
<th>State Municipal Aid</th>
<th>Street Improvement</th>
<th>Other Governmental Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory &amp; Prepaids</td>
<td>$414,126</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Total Nonspendable</td>
<td>414,126</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restricted for:</td>
<td>10,076,003</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cemetary Operations</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Housing</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Police Forfeiture</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Increment</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Committed to:</td>
<td>25,464,977</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technology Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cable TV Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Electric Franchise Fund</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Compensated Absences</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Replacement</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety Facilities</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Park Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Street Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Reforestation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Committed</td>
<td>1,000,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Assigned to:</td>
<td>50,839,058</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget Stabilization</td>
<td>14,432,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fire Pensions</td>
<td>240,900</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Recreation Scholarships</td>
<td>15,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community Investment</td>
<td>-</td>
<td>21,308,743</td>
<td>6,100,441</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Street Improvements</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Assigned</td>
<td>14,688,800</td>
<td>21,308,743</td>
<td>6,100,441</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>5,575,376</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7,790,783</td>
<td>-</td>
<td>-</td>
<td>(2,142,033)</td>
<td>-</td>
<td>(73,374)</td>
<td>-</td>
<td>5,575,376</td>
</tr>
<tr>
<td>Total</td>
<td>$23,893,709</td>
<td>$21,308,743</td>
<td>$6,100,441</td>
<td>(2,142,033)</td>
<td>$8,740,721</td>
<td>$34,467,959</td>
<td>$92,369,540</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION

A. Risk Management

The City is exposed to various risks typically associated with municipal operations, including: thefts, destruction of assets, errors and omissions, employee injuries, general liability and natural disasters. Since the early 1980’s, the City has been a member of the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool. The LMCIT program best meets municipal needs from the perspective of coverage as well as cost. It is sustained through member premiums and reinsurance for catastrophic events. Coverage limits match statutory caps for claims against Minnesota cities of $1,000,000 per claim. Insurance settlements have never exceeded coverage during the City’s membership in the LMCIT program.

Certain risk management activities of the City (i.e., premiums and deductibles) are accounted for by the Insurance Fund, an internal service fund that charges its costs to user departments. Such reimbursements are recorded as interfund services provided. The liability recorded by the Insurance Fund includes estimated deductibles/premium adjustments not settled as of December 31, 2018, including an estimate for claims incurred but not reported.

Changes in the insurance claims liability during 2018 and 2017, recorded within the City’s Internal Service Fund, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unpaid Claims at Beginning of Year</td>
<td>$30,998</td>
<td>$66,703</td>
</tr>
<tr>
<td>Incurred Claims</td>
<td>529,382</td>
<td>424,617</td>
</tr>
<tr>
<td>Premiums and Settlements</td>
<td>(516,318)</td>
<td>(460,322)</td>
</tr>
<tr>
<td>Unpaid Claims at End of Year</td>
<td>$44,062</td>
<td>$30,998</td>
</tr>
</tbody>
</table>

B. Employee Retirement Systems and Pension Plans

Pension Plans – Primary Government

1. Defined Benefit Pension Plans – State-wide

   a. Plan Description

   The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA’s defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA’s defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

a. Plan Description (Continued)

1. General Employees Retirement Plan

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Plan. General Employee Plan members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

b. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

The benefit provisions stated in the following paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

1. General Employee Plan Benefits

Benefits are based on a member’s highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA’s Coordinated and Basic Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

b. Benefits Provided (Continued)

1. General Employee Plan Benefits (Continued)

Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years of service and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. Police and Fire Plan Benefits

Benefits for the Police and Fire members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For Police and Fire members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.
B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

b. Benefits Provided (Continued)

2. Police and Fire Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80% for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

c. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature. Total pension expense for the year ended December 31, 2018 was $1,627,794. The components of pension expense are noted in the following summaries. The General Fund and Proprietary Funds typically liquidate the Liability related to the pensions.

1. General Employee Plan Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2018. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2018. The City contributions to the General Employee Plan for the year ended December 31, 2018, were $1,007,608. The City contributions were equal to the required contributions as set by state statute.

2. Police and Fire Plan Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for Police and Fire members in calendar year 2018. The City contributions to the Police and Fire Plan for the year ended December 31, 2018, were $974,750. The City contributions were equal to the required contributions as set by state statute.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

d. Pension Costs

1. General Employee Plan Pension Costs

At December 31, 2018, the City reported a liability of $11,533,440 for its proportionate share of the General Employee Plan’s net pension liability. The City’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of $16 million to the fund in 2018. The State of Minnesota is considered a non-employer contribution entity and the State’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City totaled $378,283. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers.

At June 30, 2018, the City’s proportion was .2079%, which was an increase of .0025% from its proportion measured as of June 30, 2017.

| City’s proportionate share of the net pension liability | $11,553,440 |
| State of Minnesota's proportionate share of the net pension liability associated with the City | 378,283 |
| Total | $11,931,723 |

For the year ended December 31, 2018, the City recognized pension expense of $1,051,574 for its proportionate share of the General Employee Plan’s pension expense. The City also recognized $88,215 for the year ended December 31, 2018, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s on-behalf contribution to the General Employee Plan.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

d. Pension Costs (Continued)

1. General Employee Plan Pension Costs (Continued)

At December 31, 2018, the City reported its proportionate share of General Employee Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences Between Expected and Actual Economic Experience</td>
<td>$ 301,764</td>
<td>$ 333,307</td>
</tr>
<tr>
<td>Changes in Actuarial Assumptions</td>
<td>1,091,662</td>
<td>1,285,239</td>
</tr>
<tr>
<td>Net Difference Between Projected and Actual Earnings on Pension Plan Investments</td>
<td>-</td>
<td>1,163,467</td>
</tr>
<tr>
<td>Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions</td>
<td>119,700</td>
<td>111,165</td>
</tr>
<tr>
<td>City Contributions Subsequent to the Measurement Date</td>
<td>503,804</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,016,930</td>
<td>$ 2,893,178</td>
</tr>
</tbody>
</table>

$503,804 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Pension Expense Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 341,134</td>
</tr>
<tr>
<td>2020</td>
<td>(591,299)</td>
</tr>
<tr>
<td>2021</td>
<td>(889,166)</td>
</tr>
<tr>
<td>2022</td>
<td>(240,721)</td>
</tr>
<tr>
<td>Total</td>
<td>(1,380,052)</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

d. Pension Costs (Continued)

2. Police and Fire Plan Pension Costs

At December 31, 2018, the City reported a liability of $6,033,824 for its proportionate share of the Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City proportion of the net pension liability was based on the City contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017, through June 30, 2018, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2018, the City proportion was .571%, which was an increase of .022% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of $637,025. The City also recognized $51,381 for the year ended December 31, 2018, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Plan. Legislation passed in 2013 required the State of Minnesota to begin contributing $9 million to the Police and Fire Plan each year, starting in fiscal year 2014.

At December 31, 2018, the City’s proportionate share of Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences Between Expected and Actual Economic Experience</td>
<td>$239,827</td>
<td>$1,464,208</td>
</tr>
<tr>
<td>Changes in Actuarial Assumptions</td>
<td>7,367,973</td>
<td>8,622,392</td>
</tr>
<tr>
<td>Net Difference Between Projected and Actual Earnings on Pension Plan Investments</td>
<td>-</td>
<td>1,239,193</td>
</tr>
<tr>
<td>Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions</td>
<td>246,395</td>
<td>266,816</td>
</tr>
<tr>
<td>City Contributions Subsequent to the Measurement Date</td>
<td>487,375</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$8,341,570</td>
<td>$11,592,609</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

d. Pension Costs (Continued)

2. Police and Fire Plan Pension Costs (Continued)

$487,375 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Pension Expense Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>(139,550)</td>
</tr>
<tr>
<td>2020</td>
<td>(421,654)</td>
</tr>
<tr>
<td>2021</td>
<td>(856,492)</td>
</tr>
<tr>
<td>2022</td>
<td>(2,349,936)</td>
</tr>
<tr>
<td>2023</td>
<td>29,218</td>
</tr>
<tr>
<td>Total</td>
<td>(3,738,414)</td>
</tr>
</tbody>
</table>

e. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>% per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>2.50%</td>
</tr>
<tr>
<td>Active Member Payroll Growth</td>
<td>3.25%</td>
</tr>
<tr>
<td>Investment Rate of Return</td>
<td>7.5%</td>
</tr>
</tbody>
</table>

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA’s experience. Benefit increases for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% for the Police and Fire Plan.

Actuarial assumptions used in the June 30, 2018, valuation were based on the results of actuarial experience studies. The most recent six-year experience study for the General Employees Plan was completed in 2015. The most recent four-year experience study for the Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2017 based on a review of inflation and investment return assumptions.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

e. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

The mortality projection scale was changed from MP-2015 to MP-2017.

The assumed post-retirement benefit increase was changed from 1.0 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Police and Fire Fund

The mortality projection scale was changed from MP-2016 to MP-2017.

As set by statute, the assumed post-retirement benefit increase was changed from 1.0 percent per year through 2064 and 2.50 percent per year, thereafter, to 1.0 percent for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>Long-Term Expected Real Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equity</td>
<td>36 %</td>
<td>5.10 %</td>
</tr>
<tr>
<td>International Equity</td>
<td>17</td>
<td>5.30</td>
</tr>
<tr>
<td>Bonds</td>
<td>20</td>
<td>0.75</td>
</tr>
<tr>
<td>Alternative Assets</td>
<td>25</td>
<td>5.90</td>
</tr>
<tr>
<td>Cash</td>
<td>2</td>
<td>0.00</td>
</tr>
<tr>
<td>Totals</td>
<td>100 %</td>
<td></td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Benefit Pension Plans – State-wide (Continued)

f. Discount Rate

The discount rate used to measure the total pension liability in 2018 was 7.50% for both the General Employees Plan and the Police and Fire Plan. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

g. Pension Liability Sensitivity

The following presents the City’s proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower or one percentage point higher than the current discount rate:

<table>
<thead>
<tr>
<th>Sensitivity of Net Pension Liability at Current Single Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>General Employees Fund</td>
</tr>
<tr>
<td>1% Lower</td>
</tr>
<tr>
<td>Current Discount Rate</td>
</tr>
<tr>
<td>1% Higher</td>
</tr>
</tbody>
</table>

h. Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

1. Defined Contribution Plan

The Public Employees Defined Contribution Plan is a multiple-employer deferred compensation plan for local government officials, except elected county sheriffs. The Plan is established and administered in accordance with Minnesota Statutes Chapter 353D. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate.

The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the Plan plus investment earnings, less administrative expenses. Minnesota Statutes 353D.03 specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Defined Contribution Plan. At the time of retirement or termination, the market value of the member’s account is distributed to the member or another qualified plan. The City’s contributions for the years ending December 31, 2018, 2017 and 2016 were $2,462, $2,200, and $2,000, respectively, were equal to the contractually required contributions for each year as set by state statute.

2. Minnetonka Firefighters’ Relief Association

   a. Plan Description

   Firefighters of the City of Minnetonka are members of the Minnetonka Firefighters Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes, Chapter 69, Chapter 424A, and the Association’s by-laws. As of December 31, 2017, membership includes 70 active participants, 61 retired and disabled members, 14 beneficiaries and 8 terminated employees entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement.
B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

b. Benefits Provided

Authority for payment of pension benefits is established in Minnesota Statutes §69.77 and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age; has retired from the Minnetonka Fire Department; has served at least 10 years of active service with such department before retirement; and, has been a member of the Association in good standing for at least 10 years prior to such retirement; shall be entitled to receive a service pension based on the vested amount of service time accrued. Full vesting occurs at 10 years of service, with no provision for partial vesting. Upon retirement, an irrevocable election for one of the following two plan options must be made.

- Monthly Service Pension – Each eligible member electing this plan is entitled to receive a monthly service pension calculated by multiplying $53.15 times each year that member has been an active firefighter in the Fire Department and member in good standing of the Relief Association.

- Lump Sum Service Pension – each eligible member electing this plan is entitled to receive a onetime lump sum service pension equal to 130 times the accrued monthly benefit.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

Temporary disability provides that, upon disability, a benefit of $5 per day is payable up to 100 days in any 365 day period. Permanent disability provides for a service related disability benefit of $53.15 per month multiplied by the number of months of active service, up to a maximum of 30 years.

On the death of any member, the surviving spouse is entitled to the firefighter’s normal retirement benefits for the remainder of their natural life.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of $1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

c. Contributions

Minnesota Statutes Chapter 424A.093 specifies minimum support rates required on an annual basis. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Minnetonka and state aid is determined as follows:

\[
\text{Normal Cost} \\
\text{Amortization Payment on Unfunded Accrued Liability as reported in the Latest Actuarial Valuation} \\
\text{+ Administrative Expenses for the Prior Year Multiplied by a Factor of 1.035} \\
\text{+ Anticipated State Aid (not to Exceed the Fire Aid Received in the Prior Year Multiplied by a Factor of 1.035)} \\
\text{- Anticipated State Aid (not to Exceed the Fire Aid Received in the Prior Year Multiplied by a Factor of 1.035)} \\
\text{=} \text{Minimum Municipal Obligation}
\]

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City $382,382 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2017. Required employer contributions are calculated annually based on statutory provisions. The statutorily-required contribution to the plan for the year ended December 31, 2017 was $277,525 which was covered by fire state aid.

d. Pension Costs

At December 31, 2018, the City reported an asset of $4,971,253 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

d. Pension Costs (Continued)

For the year ended December 31, 2018, the City recognized pension expense of ($63,267). At December 31, 2018, the City reported deferred outflows and inflows of resources from the following sources:

<table>
<thead>
<tr>
<th>Description</th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences Between Expected and Actual Economic Experience</td>
<td>$ 106,837</td>
<td>$ 164,150</td>
</tr>
<tr>
<td>Changes in Actuarial Assumptions</td>
<td>302,221</td>
<td>379,667</td>
</tr>
<tr>
<td>Net Difference Between Projected and Actual Earnings on Pension Plan Investments</td>
<td>-</td>
<td>522,592</td>
</tr>
<tr>
<td>Total</td>
<td>$ 409,058</td>
<td>$ 1,066,409</td>
</tr>
</tbody>
</table>

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>Pension Expense Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$ (84,497)</td>
</tr>
<tr>
<td>2019</td>
<td>$ (84,496)</td>
</tr>
<tr>
<td>2020</td>
<td>$ (291,181)</td>
</tr>
<tr>
<td>2021</td>
<td>$ (226,017)</td>
</tr>
<tr>
<td>2022</td>
<td>28,840</td>
</tr>
<tr>
<td>Total</td>
<td>$ (657,351)</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

e. Changes in the Net Pension Liability

<table>
<thead>
<tr>
<th>Total Pension Liability (a)</th>
<th>Plan Fiduciary Net Position (b)</th>
<th>Net Pension Liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at January 1, 2018</td>
<td>$11,880,089</td>
<td>$15,389,190</td>
</tr>
</tbody>
</table>

Changes for the year

<table>
<thead>
<tr>
<th>Description</th>
<th>Total Pension Liability (a)</th>
<th>Plan Fiduciary Net Position (b)</th>
<th>Net Pension Liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Cost</td>
<td>209,042</td>
<td>-</td>
<td>209,042</td>
</tr>
<tr>
<td>Interest</td>
<td>790,520</td>
<td>-</td>
<td>790,520</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>(107,086)</td>
<td>-</td>
<td>(107,086)</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>119,608</td>
<td>-</td>
<td>119,608</td>
</tr>
<tr>
<td>Changes of benefit terms</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - State and local</td>
<td>-</td>
<td>382,382</td>
<td>(382,382)</td>
</tr>
<tr>
<td>Contributions - donations and other income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contributions - member</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net investment income</td>
<td>-</td>
<td>2,122,490</td>
<td>(2,122,490)</td>
</tr>
<tr>
<td>Other additions (e.g. receivables)</td>
<td>14</td>
<td>-</td>
<td>14</td>
</tr>
<tr>
<td>Benefit payments, including member contribution refunds</td>
<td>(755,451)</td>
<td>(755,451)</td>
<td>-</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>-</td>
<td>(30,650)</td>
<td>30,650</td>
</tr>
<tr>
<td>Other deductions (e.g. payables)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net Changes</td>
<td>256,633</td>
<td>1,718,785</td>
<td>(1,462,152)</td>
</tr>
</tbody>
</table>

Balances at December 31, 2018

<table>
<thead>
<tr>
<th>Total Pension Liability (a)</th>
<th>Plan Fiduciary Net Position (b)</th>
<th>Net Pension Liability (a) - (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,136,722</td>
<td>$17,107,975</td>
<td>$(4,971,253)</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

f. Actuarial Assumptions

The actuarial total pension liability was determined as of December 31, 2017, using the following actuarial assumptions, applied to all periods included in the measurement:

<table>
<thead>
<tr>
<th>Valuation Date</th>
<th>12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actuarial Cost Method</td>
<td>Entry Age Normal</td>
</tr>
<tr>
<td>Amortization Method</td>
<td>Straight-line</td>
</tr>
</tbody>
</table>

Actuarial Assumptions:
- Investment Rate of Return: 6.75%
- Project Salary Increases: N/A
- 20-Year Municipal Bond Yield: 3.31%
- Inflation: 2.75%
- Cost-of-living Adjustments: None
- Age of Service Retirement: 50
- Mortality: Assumed life expectancies were based on RP 2014 mortality tables.
- Disability: .11% disability assumed at age 20, decreasing each year until 0% at age 60
- Withdrawal: 6% withdrawal assumed at age 20, decreasing each year until 0% at age 60
- Beneficiaries: 85 percent of members assumed to have beneficiaries who will receive benefits
- Age of Difference: 3
- Form of Payment: For members hired before 2006, 25% of retiring members choose a lump sum payment, 75% choose a monthly annuity.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation. All results are then rounded to the nearest quarter percentage point.

Investments are valued using quoted market prices.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

e. Actuarial Assumptions (Continued)

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best-estimates of geometric real and nominal rates of return for each major asset class included in the pension plan’s asset allocation as of the measurement date are summarized in the following table:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Allocation at Measurement Date</th>
<th>Long-Term Expected Real Rate of Return</th>
<th>Long-Term Expected Nominal Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic equity</td>
<td>45.82%</td>
<td>5.39%</td>
<td>8.14%</td>
</tr>
<tr>
<td>International equity</td>
<td>12.77%</td>
<td>5.20%</td>
<td>7.95%</td>
</tr>
<tr>
<td>Fixed income</td>
<td>33.51%</td>
<td>1.98%</td>
<td>4.73%</td>
</tr>
<tr>
<td>Real estate and alternatives</td>
<td>0.20%</td>
<td>4.25%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>7.70%</td>
<td>0.79%</td>
<td>3.54%</td>
</tr>
<tr>
<td>Total (weighted avg, rounded to 1/4%)</td>
<td>100.00%</td>
<td></td>
<td>6.99%</td>
</tr>
<tr>
<td>Less Investment Expense</td>
<td></td>
<td></td>
<td>-0.35%</td>
</tr>
</tbody>
</table>

f. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
NOTE 5 – OTHER INFORMATION (CONTINUED)

B. Employee Retirement Systems and Pension Plans (Continued)

Pension Plans – Primary Government (Continued)

3. Minnetonka Firefighters’ Relief Association (Continued)

   g. Pension Asset Sensitivity

   The following presents the City of Minnetonka’s proportionate share of the net pension asset of the Association, calculated using the discount rate of 6.75%, as well as what the Association’s net pension asset would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

<table>
<thead>
<tr>
<th>Selected Discount Rate</th>
<th>1% Decrease</th>
<th>1% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Pension Liability (Asset)</td>
<td>$ (3,611,221)</td>
<td>$ (4,971,253)</td>
</tr>
<tr>
<td>Discount Rate</td>
<td>5.75%</td>
<td>6.75%</td>
</tr>
</tbody>
</table>

   h. Plan’s Fiduciary Net Position

   Detailed information about the Plan’s fiduciary net position is available in a separately issued report. The report may be obtained by writing to Minnetonka’s Fire Relief Association 14550 Minnetonka Blvd., Minnetonka, MN 55345 or by calling (952) 939-8598.

C. Postemployment Healthcare Plan

Plan Description
The City provides a single-employer defined benefit OPEB healthcare plan to eligible retirees and their spouses. The plan offers medical coverage. Medical coverage is administered by Health Partners. It is the City’s policy to periodically review its medical coverage, and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees. No assets are accumulated in a trust.

Benefits Provided

Retirees
The City is required by State Statute to allow retirees to continue participation in the City’s group health insurance plan if the individual terminates service with the City through service retirement or disability retirement. Former employees who are receiving, or who have met age and service requirements to receive, an annuity from a Minnesota public pension plan and those receiving a disability benefit from such a plan are immediately eligible to participate in this Plan. Retirees may obtain dependent coverage if the employee received dependent coverage immediately before leaving employment.
C. Postemployment Healthcare Plan (Continued)

Benefits Provided (Continued)

All health care coverage is provided through the City’s group health insurance plans. The retiree is required to pay the premium as described below:

All regular non-disabled police and fire employees
The retiree is required to pay 100% of their premium cost for the City-sponsored group health insurance plan in which they participate.

The premium is a blended rate determined on the entire active and retiree population. Since the projected claims costs for retirees exceed the blended premium paid by retirees, they are receiving an implicit rate subsidy (benefit). The coverage levels are the same as those afforded to active employees.

Disabled police and fire employees
The City is required to continue to pay the employer’s contribution toward health coverage for police or firefighters disabled in the line of duty per Minnesota Statute 299A.465, until age 65. Dependent coverage is included, if the dependents were covered at the time of the disability.

Contributions
Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in the retirees receiving an implicit rate subsidy. Contribution requirements are established by the City, based on the contract terms with Health Partners. The required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2018, the City contributed $92,283 to the plan. As of January 1, 2018, there were approximately 19 retirees receiving health benefits from the City’s health plan.

Members
Membership in the plan consisted of the following as of the latest actuarial valuation

<table>
<thead>
<tr>
<th>Retirees and beneficiaries receiving benefits</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active plan members</td>
<td>224</td>
</tr>
<tr>
<td>Total members</td>
<td>243</td>
</tr>
</tbody>
</table>
NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<table>
<thead>
<tr>
<th>Key Methods and Assumptions Used in Valuation of Total OPEB Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
</tr>
<tr>
<td>Payroll growth rate</td>
</tr>
<tr>
<td>Healthcare cost trend increases</td>
</tr>
<tr>
<td>Mortality assumption</td>
</tr>
</tbody>
</table>

The actuarial assumptions used in the December 31, 2018 valuations were based on the results of an actuarial experience study for the period January 1, 2018 to December 31, 2018.

The discount rate used to measure the total OPEB liability was 4.09%.

Total OPEB Liability

The city’s total OPEB liability of $2,667,903 was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.
NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

Total OPEB Liability (Continued)

Changes in the total OPEB liability for the year are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total OPEB Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances at January 1, 2018</td>
<td>$2,402,986</td>
</tr>
<tr>
<td>Changes for the year</td>
<td></td>
</tr>
<tr>
<td>Service Cost</td>
<td>186,055</td>
</tr>
<tr>
<td>Interest</td>
<td>96,122</td>
</tr>
<tr>
<td>Changes of benefit terms</td>
<td>-</td>
</tr>
<tr>
<td>Differences between expected and actual experience</td>
<td>-</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>75,023</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(92,283)</td>
</tr>
<tr>
<td>Net changes</td>
<td>264,917</td>
</tr>
<tr>
<td>Balances at December 31, 2018</td>
<td>$2,667,903</td>
</tr>
</tbody>
</table>

The General Fund and Proprietary Funds typically liquidate the Liability related to OPEB.

OPEB Liability Sensitivity

The following presents the city’s total OPEB liability calculated using the discount rate of 4.09% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

| Sensitivity of the Total OPEB Liability/(Asset) to changes in the Discount Rate |
|---------------------------------|-----------------|-----------------|
| 1% decrease (3.09%)            | $2,899,589      |                 |
| Current (4.09%)                | $2,667,903      |                 |
| 1% increase (5.09%)            | $2,452,771      |                 |
NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

OPEB Liability Sensitivity (Continued)

The following presents the total OPEB liability of the City, as well as what the city’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower and 1% higher than the current healthcare cost trend rates.

Sensitivity of the Total OPEB Liability/(Asset) to changes in the Healthcare Trend Rates

<table>
<thead>
<tr>
<th></th>
<th>1% decrease Current</th>
<th>1% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(9% decreasing to 4%)</td>
<td>(10% decreasing to 5%)</td>
</tr>
<tr>
<td>$2,360,233</td>
<td>$2,667,903</td>
<td>$3,029,810</td>
</tr>
</tbody>
</table>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the city recognized OPEB expense of $290,873. At December 31, 2018, the city reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

<table>
<thead>
<tr>
<th></th>
<th>Deferred Outflows of Resources</th>
<th>Deferred Inflows of Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differences between expected and actual experience</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>66,327</td>
<td>$19,364</td>
</tr>
<tr>
<td>Contributions paid subsequent to measurement date</td>
<td>95,771</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$162,098</strong></td>
<td><strong>$19,364</strong></td>
</tr>
</tbody>
</table>

$95,771 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB liability in the year ended December 31, 2019.
NOTE 5 – OTHER INFORMATION (CONTINUED)

C. Postemployment Healthcare Plan (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<table>
<thead>
<tr>
<th>Year Ending December 31</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>$ 8,696</td>
</tr>
<tr>
<td>2020</td>
<td>8,696</td>
</tr>
<tr>
<td>2021</td>
<td>8,696</td>
</tr>
<tr>
<td>2022</td>
<td>8,696</td>
</tr>
<tr>
<td>2023</td>
<td>8,696</td>
</tr>
<tr>
<td>Thereafter</td>
<td>22,847</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>$66,327</td>
</tr>
</tbody>
</table>

NOTE 6 – CHANGE IN ACCOUNTING PRINCIPLE

During the year ended December 31, 2018, the City adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This resulted in an adjustment to the beginning net position on the Statement of Activities of ($541,245) to add the beginning total OPEB liability under this standard.

NOTE 7 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 84, Fiduciary Activities establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement will be effective for the year ending December 31, 2019.

GASB Statement No. 87, Leases establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. This statement will be effective for the year ending December 31, 2020.
REQUIRED SUPPLEMENTARY INFORMATION
## SCHEDULE OF THE CITY’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
### LAST TEN FISCAL YEARS

### General Employee Retirement Plan

<table>
<thead>
<tr>
<th>Measurement Date</th>
<th>City's Proportion of the Net Pension Liability</th>
<th>City's Proportionate Share of the Net Pension Liability</th>
<th>State's Proportionate Share of the Net Pension Liability Associated with the City</th>
<th>City's Covered Payroll</th>
<th>City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll</th>
<th>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td>0.2079%</td>
<td>$11,533,440</td>
<td>$378,283</td>
<td>$13,973,517</td>
<td>82.54%</td>
<td>79.50%</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>0.2054%</td>
<td>$13,112,599</td>
<td>$164,847</td>
<td>$13,229,625</td>
<td>99.12%</td>
<td>75.90%</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>0.2060%</td>
<td>$16,726,178</td>
<td>$218,460</td>
<td>$12,780,570</td>
<td>130.87%</td>
<td>68.90%</td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>0.2127%</td>
<td>$11,023,218</td>
<td>N/A</td>
<td>$12,504,232</td>
<td>88.16%</td>
<td>78.20%</td>
</tr>
</tbody>
</table>

### Police and Fire Retirement Plan

<table>
<thead>
<tr>
<th>Measurement Date</th>
<th>City's Proportion of the Net Pension Liability</th>
<th>City's Proportionate Share of the Net Pension Liability</th>
<th>City's Covered Payroll</th>
<th>City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll</th>
<th>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2018</td>
<td>0.571%</td>
<td>$6,033,824</td>
<td>$6,016,971</td>
<td>100.28%</td>
<td>88.60%</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>0.549%</td>
<td>$7,412,153</td>
<td>$5,632,580</td>
<td>131.59%</td>
<td>85.43%</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>0.556%</td>
<td>$22,313,247</td>
<td>$5,355,445</td>
<td>416.65%</td>
<td>63.90%</td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>0.570%</td>
<td>$6,476,534</td>
<td>$5,225,743</td>
<td>123.94%</td>
<td>86.60%</td>
</tr>
</tbody>
</table>

### Fire Relief Association

<table>
<thead>
<tr>
<th>Measurement Date</th>
<th>City's Proportion of the Net Pension Liability (Asset)</th>
<th>City's Proportionate Share of the Net Pension Liability (Asset)</th>
<th>City's Covered Payroll</th>
<th>City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll</th>
<th>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2016</td>
<td>100%</td>
<td>$4,971,253</td>
<td>N/A</td>
<td>N/A</td>
<td>140.96%</td>
</tr>
<tr>
<td>December 31, 2015</td>
<td>100%</td>
<td>$3,509,101</td>
<td>N/A</td>
<td>N/A</td>
<td>129.54%</td>
</tr>
<tr>
<td>December 31, 2014</td>
<td>100%</td>
<td>$3,505,596</td>
<td>N/A</td>
<td>N/A</td>
<td>131.31%</td>
</tr>
</tbody>
</table>

Note: This schedule is provided prospectively beginning with the year ended December 31, 2015 for General Employees Fund and the Police and Fire Fund and December 31, 2014 for the Fire Relief Association.
CITY OF MINNETONKA  
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2018

SCHEDULE OF THE CITY PENSION CONTRIBUTIONS  
LAST TEN FISCAL YEARS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>General Employee Retirement Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractually Required Contribution</td>
<td>$1,007,608</td>
<td>$1,030,108</td>
<td>$973,347</td>
<td>$947,280</td>
<td>$898,056</td>
</tr>
<tr>
<td>Contributions in Relation to the</td>
<td>($1,007,608)</td>
<td>($1,030,108)</td>
<td>($973,347)</td>
<td>($947,280)</td>
<td>($898,056)</td>
</tr>
<tr>
<td>Contractually Required Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution Deficiency (Excess)</td>
<td>($1,007,608)</td>
<td>($1,030,108)</td>
<td>($973,347)</td>
<td>($947,280)</td>
<td>($898,056)</td>
</tr>
<tr>
<td>City's Covered Payroll</td>
<td>$13,434,773</td>
<td>$13,734,712</td>
<td>$12,977,907</td>
<td>$12,630,348</td>
<td>$12,386,837</td>
</tr>
<tr>
<td>Contributions as a Percentage of Covered Payroll</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.50%</td>
<td>7.25%</td>
</tr>
<tr>
<td>Police and Fire Retirement Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contractually Required Contribution</td>
<td>$974,750</td>
<td>$959,280</td>
<td>$886,231</td>
<td>$859,126</td>
<td>$791,919</td>
</tr>
<tr>
<td>Contributions in Relation to the</td>
<td>($974,750)</td>
<td>($959,280)</td>
<td>($886,231)</td>
<td>($859,126)</td>
<td>($791,919)</td>
</tr>
<tr>
<td>Contractually Required Contribution</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution Deficiency (Excess)</td>
<td>($974,750)</td>
<td>($959,280)</td>
<td>($886,231)</td>
<td>($859,126)</td>
<td>($791,919)</td>
</tr>
<tr>
<td>City's Covered Payroll</td>
<td>$6,090,710</td>
<td>$5,921,484</td>
<td>$5,470,556</td>
<td>$5,303,246</td>
<td>$5,175,950</td>
</tr>
<tr>
<td>Contributions as a Percentage of Covered Payroll</td>
<td>16.00%</td>
<td>16.20%</td>
<td>16.20%</td>
<td>16.20%</td>
<td>15.30%</td>
</tr>
<tr>
<td>Fire Relief Association</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Statutorily Required Contribution</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Contributions in Relation to the</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Statutorily Required Contribution</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Contribution Deficiency (Excess)</td>
<td>($166,438)</td>
<td>($166,438)</td>
<td>($166,438)</td>
<td>($166,438)</td>
<td>($166,438)</td>
</tr>
</tbody>
</table>

Note: Information prior to 2014 is unavailable.
### MINNETONKA VOLUNTEER FIRE RELIEF ASSOCIATION
**SCHEDULE OF CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS**

<table>
<thead>
<tr>
<th>Measurement Date</th>
<th>Total Pension Liability</th>
<th>Plan Fiduciary Net Position</th>
<th>Covered Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Measurement Date</strong></td>
<td>December 31, 2017</td>
<td>December 31, 2016</td>
<td>December 31, 2015</td>
</tr>
<tr>
<td><strong>Total Pension Liability</strong></td>
<td>$209,042</td>
<td>$213,879</td>
<td>$198,031</td>
</tr>
<tr>
<td>Service Cost</td>
<td>790,520</td>
<td>772,342</td>
<td>753,805</td>
</tr>
<tr>
<td>Interest</td>
<td>(107,086)</td>
<td>155,621</td>
<td>(137,324)</td>
</tr>
<tr>
<td>Differences Between Expected and Actual Experience</td>
<td>119,608</td>
<td>295,329</td>
<td>(694,310)</td>
</tr>
<tr>
<td>Changes in Assumptions</td>
<td>755,451</td>
<td>753,320</td>
<td>645,860</td>
</tr>
<tr>
<td>Benefit Payments, Including Member Refunds</td>
<td>118,809</td>
<td>11,196,238</td>
<td>11,721,896</td>
</tr>
<tr>
<td>Net Change in Total Pension Liability</td>
<td>256,633</td>
<td>683,851</td>
<td>(525,658)</td>
</tr>
<tr>
<td><strong>Total Pension Liability - Beginning</strong></td>
<td>11,880,089</td>
<td>11,196,238</td>
<td>11,721,896</td>
</tr>
<tr>
<td><strong>Total Pension Liability - Ending (a)</strong></td>
<td>12,136,722</td>
<td>11,880,089</td>
<td>11,196,238</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position</strong></td>
<td>382,382</td>
<td>376,889</td>
<td>366,746</td>
</tr>
<tr>
<td>State Contributions</td>
<td>2,122,490</td>
<td>1,094,716</td>
<td>836,585</td>
</tr>
<tr>
<td>Net Investment Income</td>
<td>14</td>
<td>1,175</td>
<td>(33,269)</td>
</tr>
<tr>
<td>Other Additions (e.g. receivables)</td>
<td>(755,451)</td>
<td>(753,320)</td>
<td>(645,860)</td>
</tr>
<tr>
<td>Benefit Payments</td>
<td>(30,650)</td>
<td>(32,104)</td>
<td>(34,296)</td>
</tr>
<tr>
<td>Administrative Expenses</td>
<td>1,718,785</td>
<td>687,356</td>
<td>(362,655)</td>
</tr>
<tr>
<td><strong>Net Change in Fiduciary Net Position</strong></td>
<td>15,389,190</td>
<td>14,701,834</td>
<td>15,084,489</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position - Beginning</strong></td>
<td>15,084,489</td>
<td>14,701,834</td>
<td>15,084,489</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position - Ending (b)</strong></td>
<td>14,371,579</td>
<td>14,701,834</td>
<td>15,084,489</td>
</tr>
<tr>
<td><strong>Association’s Net Pension Liability/(Asset) - Ending (a) - (b)</strong></td>
<td>$(4,971,253)</td>
<td>$(3,509,101)</td>
<td>$(3,505,596)</td>
</tr>
<tr>
<td><strong>Fiduciary Net Position as a Percentage of the Total Pension Liability</strong></td>
<td>140.96%</td>
<td>129.54%</td>
<td>131.31%</td>
</tr>
</tbody>
</table>

**Note:** Information prior to 2014 is unavailable.
CITY OF MINNETONKA  
Hennepin County, Minnesota

REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2018

Schedule of Changes in Total OPEB Liability and Related Ratios

<table>
<thead>
<tr>
<th>Description</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total OPEB Liability</td>
<td></td>
</tr>
<tr>
<td>Service cost</td>
<td>$ 186,055</td>
</tr>
<tr>
<td>Interest</td>
<td>96,122</td>
</tr>
<tr>
<td>Differenced between expected and actual experience</td>
<td>-</td>
</tr>
<tr>
<td>Changes of assumptions</td>
<td>75,023</td>
</tr>
<tr>
<td>Changes of benefit terms</td>
<td>-</td>
</tr>
<tr>
<td>Benefit payments</td>
<td>(92,283)</td>
</tr>
<tr>
<td>Other changes</td>
<td>-</td>
</tr>
<tr>
<td>Net change in total OPEB liability</td>
<td>264,917</td>
</tr>
<tr>
<td>Beginning of year</td>
<td>2,402,986</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 2,667,903</td>
</tr>
<tr>
<td>Covered-employee payroll</td>
<td>$ 17,200,000</td>
</tr>
<tr>
<td>Total OPEB liability as a percentage of covered-employee payroll</td>
<td>15.51%</td>
</tr>
</tbody>
</table>

Note: Schedule is provided prospectively beginning with the year ended December 31, 2018. Additional years will be reported as they become available.
GENERAL EMPLOYEES FUND

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.0% per year through 2044 and 2.5% per year thereafter to 1.25% per year.

2017 Changes
Changes in Actuarial Assumptions
- The CSA loads were changed from 0.8% for active members and 60% for vested and non-vested deferred members. The revised CSA loads are now 0.0% for active member liability, 15% for vested deferred member liability and 3% for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

2016 Changes
Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, the inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

2015 Changes
Changes in Plan Provisions
- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by $1.1 billion and increased the fiduciary plan net position by $892 million. Upon consolidation, state and employer contributions were revised.

Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2035 and 2.5% per year thereafter.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2018

POLICE AND FIRE FUND

2018 Changes
Changes in Actuarial Assumptions
- The mortality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

2017 Changes
Changes in Actuarial Assumptions
- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The CSA load was 30% for vested and non-vested deferred members. The CSA has been changed to 33% for vested members and 2% for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1% for all years to 1% per year through 2064 and 2.5% thereafter.

2016 Changes
Changes in Actuarial Assumptions
- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.
POLICE AND FIRE FUND (CONTINUED)

2015 Changes
Changes in Plan Provisions
• The post-retirement benefit increase to be paid after attainment of the 90% funding threshold was changed, from inflation up to 2.5%, to a fixed rate of 2.5%.

Changes in Actuarial Assumptions
• The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2030 and 2.5% per year thereafter to 1.0% per year through 2037 and 2.5% per year thereafter.
COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES

NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Cable Television Fund – This fund accounts for cable TV franchise fees as well as related cable TV expenditures. All expenditures by this fund are communications or cable TV related.

Community Development Block Grant Fund – This fund was established to account for funds received under Title I of the Housing and Community Development Act of 1974.

Electric Franchise Fees – This fund was established to account for electric franchise fee revenues and the corresponding expenditures for the burial of overhead utility lines on major streets.

Grants Fund – This fund receives and expends amount for various grant programs.

Housing & Redevelopment Authority – This fund was established to account for activity of the Economic Development Authority (EDA) regarding economic development, housing and redevelopment matters.

Police Forfeiture and Seizure Fund – This fund was established to account for property and/or cash seized by police personnel. All expenditures by this fund must be public safety related.

Shady Oak Lane Cemetery Fund – This fund accounts for revenues and expenditures related to maintaining the cemetery.

DEBT SERVICE FUNDS

Park & Open Space Bonds – This fund was established to account for the revenues and debt service requirements related to the issuance of General Obligation park renewal and open space bonds.

2008 State-Aid Street Bonds – This fund was established to account for the revenues and debt service requirements related to the issuance of 2008 General Obligation state-aid street bonds.

CAPITAL PROJECTS FUNDS

Capital Replacement Fund – This fund was established for the purpose of funding replacement or repair of major capital items that are expected to exceed $5,000.

Public Safety Fund – This fund was established to account for the revenues and expenditures relating to the replacement of fire vehicles and equipment.

Technology Development Fund – This fund was established to account for the revenues and expenditures for the adequate funding for essential investments in technology.
COMBINING & INDIVIDUAL FUND STATEMENTS & SCHEDULES (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

CAPITAL PROJECTS FUNDS (CONTINUED)

Livable Communities Housing Fund – This fund was established to account for the revenues and expenditures related to affordable housing programs, and other activities designed to better link jobs, housing, transit and the Metropolitan Livable Communities Act.

169/Bren Road Interchange Project Fund – This fund accounts for the revenues and expenditures related to the Highway 169/Bren Road Interchange Project.

Parks and Trails Fund – This fund was established to account for the purchase and development of park land throughout the City.

Cloud 9 Housing Improvement Area – This fund was established to account for the construction costs, bond proceeds and special assessments received for the Cloud 9 Apartments housing improvements.

Development Fund – This fund was established to account for the revenues and expenditures related to housing, redevelopment, and economic development project areas.

Tax Increment Financing Fund – This fund accounts for Tax Increment Financing activity in the City for TIF projects that were created on a “pay-as-you-go” basis.

Ridgedale Tax Abatement Fund – This fund accounts for the tax abatement agreement with the City and General Growth Properties for the redevelopment of the Ridgedale Mall area.

Shady Oak Road / Oak Drive Project Fund – This fund was established to account for the purchase of land and redevelopment of the Shady Oak Road and Oak Drive area within the City.

Public Safety Facility Expansion Fund – This fund was established to account for an expansion of the City’s public safety facilities.

Forestry Fund – This fund was established for the capital budget portion of the City’s Emerald Ash Borer (EAB) program, which includes tree removal, stump grinding and reforestation.

INTERNAL SERVICE FUNDS

Self Insurance Fund – This fund accounts for the risk management activities of the City.

Fleet Maintenance Fund – This fund is responsible for the maintenance and repair of the City’s motorized fleet and support equipment.
# Combining Balance Sheet - Nonmajor Governmental Funds

- **CITY OF MINNETONKA**
- **Hennepin County, Minnesota**

## December 31, 2018

### Special Revenue

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>2,214,509 $</td>
<td>83,289 $</td>
<td>3,413,735 $</td>
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<td>727,300 $</td>
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<td>210,710</td>
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<td>1,909</td>
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<tr>
<td>Loans Receivable</td>
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<td>178,486</td>
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<td>Interest Receivable</td>
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<td>431</td>
<td>14,837</td>
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<tr>
<td>Property Taxes Receivable</td>
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<td>1,817</td>
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<tr>
<td>Special Assessments Receivable</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>3,066</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,452,747 $</td>
<td>83,720 $</td>
<td>3,639,282 $</td>
<td>17,879 $</td>
<td>916,091 $</td>
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</tbody>
</table>

### Liabilities, Deferred Inflows of Resources and Fund Balances:

<table>
<thead>
<tr>
<th>Liabilities:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
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<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Due to Other Funds</td>
<td>-</td>
<td>-</td>
<td>42,596</td>
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<td><strong>Total Liabilities</strong></td>
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<td>474,262</td>
<td>57,469</td>
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<table>
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<tr>
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<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Unavailable Revenue - Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,066</td>
</tr>
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<td>Unavailable Revenue - Special Assessments</td>
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<td><strong>Total Deferred Inflows of Resources</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,066</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances:</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>-</td>
<td>83,720</td>
<td>-</td>
<td>-</td>
<td>913,025</td>
</tr>
<tr>
<td>Committed</td>
<td>2,417,894</td>
<td>-</td>
<td>3,165,020</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Assigned</td>
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<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>39,590</td>
<td>(39,590)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Fund Balances</strong></td>
<td>2,417,894</td>
<td>83,720</td>
<td>3,165,020</td>
<td>(39,590)</td>
<td>913,025</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Liabilities, Deferred Inflows of Resources and Fund Balances</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2,452,747 $</td>
<td>83,720 $</td>
<td>3,639,282 $</td>
<td>17,879 $</td>
<td>916,091 $</td>
<td></td>
</tr>
</tbody>
</table>
### CITY OF MINNETONKA
Hennepin County, Minnesota

**COMBINING BALANCE SHEET -**
**NONMAJOR GOVERNMENTAL FUNDS**
December 31, 2018

(Continued)

<table>
<thead>
<tr>
<th></th>
<th>Police Forfeiture and Seizure Revenue</th>
<th>Special Shady Oak Cemetery Funds Revenue Park and Open Space Bonds Revenue</th>
<th>Total Debt 2008 State-Aid Service Street Bonds Revenue Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
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<tr>
<td>Cash and Investments</td>
<td>$337,917</td>
<td>$139,789</td>
<td>$6,916,539</td>
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<tr>
<td>Accounts Receivable</td>
<td>-</td>
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<tr>
<td>Loans Receivable</td>
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<tr>
<td>Interest Receivable</td>
<td>1,461</td>
<td>620</td>
<td>30,827</td>
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<tr>
<td>Property Taxes Receivable</td>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>$-</td>
<td>$-</td>
<td>$16,476</td>
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<tr>
<td>Accounts and Contracts Payable</td>
<td>4,420</td>
<td>-</td>
<td>511,932</td>
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<tr>
<td>Advanced from Other Funds</td>
<td>-</td>
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</tr>
<tr>
<td>Due to Other Funds</td>
<td>-</td>
<td>-</td>
<td>42,596</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>4,420</td>
<td>-</td>
<td>571,004</td>
</tr>
<tr>
<td>Deferred Inflows of Resources:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unavailable Revenue - Taxes</td>
<td>-</td>
<td>-</td>
<td>3,066</td>
</tr>
<tr>
<td>Unavailable Revenue - Special Assessments</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
<td>-</td>
<td>-</td>
<td>3,066</td>
</tr>
<tr>
<td>Fund Balances:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted</td>
<td>334,958</td>
<td>140,409</td>
<td>1,472,112</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>5,582,914</td>
</tr>
<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>(39,590)</td>
</tr>
<tr>
<td>Total Fund Balances</td>
<td>334,958</td>
<td>140,409</td>
<td>7,015,436</td>
</tr>
<tr>
<td>Total Liabilities, Deferred Inflows of Resources and Fund Balances</td>
<td>$339,378</td>
<td>$140,409</td>
<td>$7,589,506</td>
</tr>
</tbody>
</table>
## Combining Balance Sheet - Nonmajor Governmental Funds

### December 31, 2018

_(Continued)_

### City of Minnetonka

**Hennepin County, Minnesota**

#### ASSETS:

<table>
<thead>
<tr>
<th></th>
<th>Capital Replacement</th>
<th>Public Safety</th>
<th>Technology Development</th>
<th>Livable Communities Housing Fund</th>
<th>169/Bren Rd Interchange Project Fund</th>
<th>Parks and Trails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$2,621,192</td>
<td>$-</td>
<td>$559,708</td>
<td>$336,805</td>
<td>$351</td>
<td>$8,287,908</td>
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<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest Receivable</td>
<td>7,022</td>
<td>-</td>
<td>1,573</td>
<td>1,397</td>
<td>2</td>
<td>35,385</td>
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<td>Property Taxes Receivable</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments Receivable</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Do from Other Funds</td>
<td>32,556</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to Other Governments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Assets:** $2,660,770

#### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:

<table>
<thead>
<tr>
<th></th>
<th>Capital Replacement</th>
<th>Public Safety</th>
<th>Technology Development</th>
<th>Livable Communities Housing Fund</th>
<th>169/Bren Rd Interchange Project Fund</th>
<th>Parks and Trails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Accounts and Contracts Payable</td>
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<td>Advance from Other Funds</td>
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<td>-</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to Other Funds</td>
<td>32,556</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

**Total Liabilities:** $211,482

**Deferred Inflows of Resources:**

<table>
<thead>
<tr>
<th></th>
<th>Capital Replacement</th>
<th>Public Safety</th>
<th>Technology Development</th>
<th>Livable Communities Housing Fund</th>
<th>169/Bren Rd Interchange Project Fund</th>
<th>Parks and Trails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Revenue - Taxes</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Unavailable Revenue - Special Assessments</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</table>

**Total Deferred Inflows of Resources:** -

**Fund Balances:**

<table>
<thead>
<tr>
<th></th>
<th>Capital Replacement</th>
<th>Public Safety</th>
<th>Technology Development</th>
<th>Livable Communities Housing Fund</th>
<th>169/Bren Rd Interchange Project Fund</th>
<th>Parks and Trails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>626,847</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
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<td>-</td>
<td>8,263,054</td>
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<tr>
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<td>Unassigned</td>
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<td>(33,784)</td>
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**Total Fund Balances:** 2,494,844

**Total Liabilities, Deferred Inflows of Resources and Fund Balances:** $2,660,770

---

**Table:**

<table>
<thead>
<tr>
<th></th>
<th>Capital Replacement</th>
<th>Public Safety</th>
<th>Technology Development</th>
<th>Livable Communities Housing Fund</th>
<th>169/Bren Rd Interchange Project Fund</th>
<th>Parks and Trails</th>
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</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$2,660,770</td>
<td>$-</td>
<td>$561,281</td>
<td>$626,847</td>
<td>$353</td>
<td>$8,323,293</td>
</tr>
<tr>
<td>Liabilities</td>
<td>$211,482</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred Inflows</td>
<td>-</td>
<td></td>
<td></td>
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<td></td>
<td>-</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>$2,660,770</td>
<td>$-</td>
<td>$561,281</td>
<td>$626,847</td>
<td>$353</td>
<td>$8,323,293</td>
</tr>
</tbody>
</table>
### Capital Projects (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Cloud 9 Housing Improvement</th>
<th>Development Fund</th>
<th>Tax Increment Financing</th>
<th>Ridgedale Tax Abatement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
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<td></td>
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</tr>
<tr>
<td>Cash and Investments</td>
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<tr>
<td>Loans Receivable</td>
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<tr>
<td>Interest Receivable</td>
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<td>13,603</td>
<td>28,240</td>
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<tr>
<td>Property Taxes Receivable</td>
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<tr>
<td>Unremitted</td>
<td>-</td>
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<td>49,132</td>
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<tr>
<td>Delinquent</td>
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</tr>
<tr>
<td>Special Assessments Receivable</td>
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<tr>
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</tr>
<tr>
<td>Current</td>
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<td>Noncurrent</td>
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<td>-</td>
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<tr>
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<td>Advances to Other Funds</td>
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<td><strong>Total Assets</strong></td>
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<td>$4,191,414</td>
<td>$6,493,118</td>
<td>$817,317</td>
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</table>

|                     |                             |                  |                        |                         |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:** |                             |                  |                        |                         |
| Liabilities:        |                             |                  |                        |                         |
| Salaries and Wages Payable | $                   | -                | -                      | $                       |
| Accounts and Contracts Payable | -                   | 14,311           | -                      | -                       |
| Advanced from Other Funds | -                    | -                | 502,588                | -                       |
| Due to Other Funds   | -                           | -                | -                      | -                       |
| **Total Liabilities** | -                        | 14,311           | 502,588                | -                       |

| Deferred Inflows of Resources: |                             |                  |                        |                         |
| Unavailable Revenue - Taxes | -                           | -                | -                      | -                       |
| Unavailable Revenue - Special Assessments | -                             | 328,446          | -                      | -                       |
| **Total Deferred Inflows of Resources** | -                          | 328,446          | -                      | -                       |

| Fund Balances:        |                             |                  |                        |                         |
| Restricted            | 157,842                     |                  | 5,990,530              | -                       |
| Committed             | -                           | 3,848,657        | -                      | 817,317                |
| Assigned              | -                           | -                | -                      | -                       |
| Unassigned            | -                           | -                | -                      | -                       |
| **Total Fund Balances** | 157,842                    | 3,848,657        | 5,990,530              | 817,317                |

| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $157,842 | $4,191,414 | $6,493,118 | $817,317 |
CITY OF MINNETONKA  
Hennepin County, Minnesota  

COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2018  
(Continued)  

<table>
<thead>
<tr>
<th>ASSETS:</th>
<th>Shady Oak Rd</th>
<th>Public Safety</th>
<th>Forestry</th>
<th>Total Capital</th>
<th>Total Nonmajor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$1,321,006</td>
<td>$778,963</td>
<td>$967,230</td>
<td>$25,498,292</td>
<td>$34,237,490</td>
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<tr>
<td>Accounts Receivable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>395,774</td>
<td>836,666</td>
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<td>3,603</td>
<td>4,206</td>
<td>105,113</td>
<td>141,953</td>
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<td>Property Taxes Receivable</td>
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<td></td>
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<tr>
<td>Unremitted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>49,132</td>
<td>50,949</td>
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<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3,066</td>
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<tr>
<td>Special Assessments Receivable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unremitted</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,196</td>
<td>1,196</td>
</tr>
<tr>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>35,345</td>
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<tr>
<td>Delinquent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,104</td>
<td>2,104</td>
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<tr>
<td>Noncurrent</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>290,998</td>
<td>290,998</td>
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<tr>
<td>Due from Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>32,556</td>
<td>32,556</td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,879</td>
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<tr>
<td>Advances to Other Funds</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>502,588</td>
<td>502,588</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$1,326,861</td>
<td>$782,566</td>
<td>$971,436</td>
<td>$26,913,098</td>
<td>$36,331,276</td>
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</tbody>
</table>

| LIABILITIES, DEFERRED INFlows OF RESOURCES AND FUND BALANCES: |

<table>
<thead>
<tr>
<th>Liabilities:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and Wages Payable</td>
</tr>
<tr>
<td>Accounts and Contracts Payable</td>
</tr>
<tr>
<td>Advanced from Other Funds</td>
</tr>
<tr>
<td>Due to Other Funds</td>
</tr>
<tr>
<td>Total Liabilities</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred Inflows of Resources:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unavailable Revenue - Taxes</td>
</tr>
<tr>
<td>Unavailable Revenue - Special Assessments</td>
</tr>
<tr>
<td>Total Deferred Inflows of Resources</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Balances:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted</td>
</tr>
<tr>
<td>Committed</td>
</tr>
<tr>
<td>Assigned</td>
</tr>
<tr>
<td>Unassigned</td>
</tr>
<tr>
<td>Total Fund Balances</td>
</tr>
</tbody>
</table>

| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $1,326,861 | $782,566 | $971,436 | $26,913,098 | $36,331,276 |
**CITY OF MINNETONKA**
Hennepin County, Minnesota

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended December 31, 2018

### Special Revenue

<table>
<thead>
<tr>
<th></th>
<th>Cable Television</th>
<th>Community Development Block Grant</th>
<th>Electric Franchise Fees</th>
<th>Housing &amp; Redevelopment Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Franchise</td>
<td>915,055</td>
<td>-</td>
<td>837,130</td>
<td>-</td>
</tr>
<tr>
<td>Tax Increments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
<td>34,225</td>
<td>-</td>
<td>60,928</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>37,668</td>
<td>1,469</td>
<td>56,363</td>
<td>(405)</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>16,580</td>
<td>39,833</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>969,303</td>
<td>75,527</td>
<td>893,493</td>
<td>60,523</td>
</tr>
</tbody>
</table>

### EXPENDITURES:

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>754,677</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development Services</td>
<td>-</td>
<td>80,353</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Works</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>137,704</td>
<td>-</td>
<td>1,537,379</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Park and Recreation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>892,381</td>
<td>80,353</td>
<td>1,537,379</td>
<td>168,536</td>
</tr>
</tbody>
</table>

Excess (Deficiency) of Revenues Over (Under) Expenditures: $76,922 ($4,826) ($643,886) ($108,013) $154,555

### OTHER FINANCING SOURCES (USES)

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>(32,700)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Financing Sources (Uses)</strong></td>
<td>(32,700)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Net Change in Fund Balances: $44,222 ($4,826) ($643,886) ($108,013) $54,555

### FUND BALANCES

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of Year</td>
<td>2,373,672</td>
<td>88,546</td>
<td>3,808,906</td>
<td>68,423</td>
</tr>
<tr>
<td><strong>End of Year</strong></td>
<td>$ 2,417,894</td>
<td>$ 83,720</td>
<td>$ 3,165,020</td>
<td>$ (39,590)</td>
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</tbody>
</table>

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### CITY OF MINNETONKA
Hennepin County, Minnesota

#### COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended December 31, 2018

(Continued)

<table>
<thead>
<tr>
<th></th>
<th>Special Revenue (Continued)</th>
<th>Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Police Special Revenue</td>
<td>Debt Service</td>
</tr>
<tr>
<td></td>
<td>Forfeiture and Seizure</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shady Oak Special Revenue</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Space Bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Park and Open Space Bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2008 State-Aid Debt Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Debt Service</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ -</td>
<td>$ 1,400,123</td>
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<tr>
<td>Franchise</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Tax Increments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>5,677</td>
<td>18,643</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>46,291</td>
<td>164,775</td>
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<tr>
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<td>156,342</td>
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<td>1418,766</td>
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<td>1583,855</td>
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<td></td>
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<tr>
<td>Current:</td>
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<td></td>
</tr>
<tr>
<td>General Government</td>
<td>- 1,150</td>
<td>-</td>
</tr>
<tr>
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<td>- 188,413</td>
<td>-</td>
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<tr>
<td>Public Works</td>
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<td>-</td>
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<tr>
<td>Public Safety</td>
<td>93,382</td>
<td>261,918</td>
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<td></td>
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<tr>
<td>Principal</td>
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<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>- 1,135,000</td>
<td>- 125,000</td>
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<tr>
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<td></td>
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<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Park and Recreation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>93,382</td>
<td>1,150</td>
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<tr>
<td></td>
<td></td>
<td>2,881,241</td>
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<tr>
<td></td>
<td></td>
<td>1,262,738</td>
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<tr>
<td></td>
<td></td>
<td>164,775</td>
</tr>
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<td></td>
<td></td>
<td>1,427,513</td>
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<tr>
<td>Excess (Deficiency) of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues Over (Under)</td>
<td>Expenditures (41,414)</td>
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</tr>
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<td></td>
<td></td>
<td>314</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers Out</td>
<td>- (132,700)</td>
<td>-</td>
</tr>
<tr>
<td>Total Other Financing</td>
<td>- (132,700)</td>
<td>-</td>
</tr>
<tr>
<td>Sources (Uses)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>(41,414)</td>
<td>156,028</td>
</tr>
<tr>
<td></td>
<td></td>
<td>314</td>
</tr>
<tr>
<td>FUND BALANCES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>376,372</td>
<td>1,667,388</td>
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<tr>
<td></td>
<td>139,229</td>
<td>4,942</td>
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<tr>
<td></td>
<td>7,713,618</td>
<td>1,672,330</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 334,958</td>
<td>$ 1,824,416</td>
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<tr>
<td></td>
<td>$ 140,409</td>
<td>$ 5,256</td>
</tr>
<tr>
<td></td>
<td>$ 7,015,436</td>
<td>$ 1,828,672</td>
</tr>
</tbody>
</table>

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CITY OF MINNETONKA  
Hennepin County, Minnesota  

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2018  
(Continued)  

<table>
<thead>
<tr>
<th>Capital Projects</th>
<th>169/Bren Rd Interchange Fund Project</th>
<th>Parks and Trails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Replacement</td>
<td>Public Safety</td>
<td>Technology Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>2,045,000</td>
<td>$ 650,000</td>
</tr>
<tr>
<td>Franchise</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Increments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>19,650</td>
<td>(5,171)</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Other</td>
<td>149,329</td>
<td>-</td>
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<tr>
<td>Total Revenues</td>
<td>2,213,979</td>
<td>644,829</td>
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<td>EXPENDITURES:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
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<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development Services</td>
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<tr>
<td>Public Works</td>
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<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>1,922,296</td>
<td>724,153</td>
</tr>
<tr>
<td>Park and Recreation</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>1,922,296</td>
<td>724,153</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>291,683</td>
<td>(79,324)</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>1,200,000</td>
<td>-</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td>1,200,000</td>
<td>-</td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>1,491,683</td>
<td>(79,324)</td>
</tr>
<tr>
<td>FUND BALANCES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>1,003,161</td>
<td>45,540</td>
</tr>
<tr>
<td>End of Year</td>
<td>$2,494,844</td>
<td>$33,784</td>
</tr>
</tbody>
</table>
## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

### Capital Projects (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Cloud 9 Housing Improvement Fund</th>
<th>Development Fund</th>
<th>Tax Increment Financing</th>
<th>Ridgedale Tax Abatement</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$ -</td>
<td>$ 200,000</td>
<td>$ -</td>
<td>$ 20,000</td>
</tr>
<tr>
<td>Franchise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Increments</td>
<td>-</td>
<td>-</td>
<td>3,426,105</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
<td>53,898</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>1,196</td>
<td>49,712</td>
<td>97,360</td>
<td>13,368</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>156,646</td>
<td>485,675</td>
<td>2,035</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>157,842</td>
<td>789,285</td>
<td>3,525,500</td>
<td>33,368</td>
</tr>
</tbody>
</table>

| **EXPENDITURES:**  |                                  |                  |                        |                         |
| Current:           |                                  |                  |                        |                         |
| General Government | -                                | -                | -                      | -                       |
| Development Services | - | 193,701 | 2,082,276 | 99 |
| Public Works       | -                                | -                | -                      | -                       |
| Public Safety      | -                                | -                | -                      | -                       |
| Debt Service:      |                                  |                  |                        |                         |
| Principal          | -                                | -                | -                      | -                       |
| Interest and Fiscal Charges | - | - | - | - |
| Capital Outlay:    |                                  |                  |                        |                         |
| General Government | -                                | -                | -                      | -                       |
| Public Safety      | -                                | -                | -                      | -                       |
| Park and Recreation | - | - | - | - |
| **Total Expenditures** | - | 193,701 | 2,082,276 | 99 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 157,842 | 595,584 | 1,443,224 | 33,269 |
| **OTHER FINANCING SOURCES (USES)** |                                  |                  |                        |                         |
| Transfers In       | -                                | 7,000            | -                      | -                       |
| Transfers Out      | -                                | (260,766)        | -                      | -                       |
| **Total Other Financing Sources (Uses)** | - | (253,766) | - | - |
| Net Change in Fund Balances | 157,842 | 341,818 | 1,443,224 | 33,269 |

### FUND BALANCES

<table>
<thead>
<tr>
<th></th>
<th>Beginning of Year</th>
<th></th>
<th>3,506,839</th>
<th>4,547,306</th>
<th>784,048</th>
<th>817,317</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>End of Year</strong></td>
<td>157,842</td>
<td>$3,848,657</td>
<td>$5,990,530</td>
<td>$817,317</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## CITY OF MINNETONKA
Hennepin County, Minnesota

### COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018
(Continued)

### Capital Projects (Continued)

<table>
<thead>
<tr>
<th>Shady Oak Rd Oak Drive Facility</th>
<th>Public Safety Expansion</th>
<th>Forestry Fund</th>
<th>Total Capital Projects Funds</th>
<th>Total Nonmajor Governmental Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Franchise</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax Inc.</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Special Assessments</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>State Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>22,225</td>
<td>19,411</td>
<td>15,578</td>
<td>350,024</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>3,995</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>26,220</td>
<td>19,411</td>
<td>75,578</td>
<td>12,618,822</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Development Services</td>
<td>27,561</td>
<td>-</td>
<td>2,620,382</td>
<td>2,808,795</td>
</tr>
<tr>
<td>Public Works</td>
<td>-</td>
<td>21,693</td>
<td>21,693</td>
<td>21,693</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Debt Service:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Principal</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Interest and Fiscal Charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Capital Outlay:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Safety</td>
<td>-</td>
<td>418,727</td>
<td>3,511,468</td>
<td>3,511,468</td>
</tr>
<tr>
<td>Park and Recreation</td>
<td>-</td>
<td>-</td>
<td>1,132,558</td>
<td>1,132,558</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>27,561</td>
<td>418,727</td>
<td>21,693</td>
<td>7,286,101</td>
</tr>
<tr>
<td>Excess (Deficiency) of Revenues Over (Under) Expenditures</td>
<td>(1,341)</td>
<td>(399,316)</td>
<td>53,885</td>
<td>5,332,721</td>
</tr>
<tr>
<td>OTHER FINANCING SOURCES (USES)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>-</td>
<td>-</td>
<td>1,317,189</td>
<td>1,317,189</td>
</tr>
<tr>
<td>Transfers Out</td>
<td>-</td>
<td>-</td>
<td>(260,766)</td>
<td>(393,466)</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,056,423</td>
</tr>
<tr>
<td>Net Change in Fund Balances</td>
<td>(1,341)</td>
<td>(399,316)</td>
<td>53,885</td>
<td>6,389,144</td>
</tr>
<tr>
<td>FUND BALANCES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>1,323,776</td>
<td>1,084,379</td>
<td>916,938</td>
<td>19,234,707</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 1,322,435</td>
<td>$ 685,063</td>
<td>$ 970,823</td>
<td>$ 25,623,851</td>
</tr>
</tbody>
</table>

125
### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - CABLE TELEVISION

**Year Ended December 31, 2018**

**WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Budgeted Amounts</th>
<th>Variance - Positive (Negative)</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Actual Amounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>$ 941,000</td>
<td>$ 941,000</td>
<td>$ 915,055</td>
<td>$ (25,945)</td>
<td>$ 976,253</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Grants</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,000</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>20,000</td>
<td>20,000</td>
<td>37,668</td>
<td>17,668</td>
<td>18,717</td>
</tr>
<tr>
<td>Other Income</td>
<td>7,500</td>
<td>7,500</td>
<td>16,580</td>
<td>9,080</td>
<td>8,524</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>968,500</td>
<td>968,500</td>
<td>969,303</td>
<td>803</td>
<td>1,004,494</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>312,400</td>
<td>312,400</td>
<td>300,895</td>
<td>11,505</td>
<td>304,025</td>
</tr>
<tr>
<td>Materials and Supplies</td>
<td>3,500</td>
<td>2,500</td>
<td>1,111</td>
<td>1,389</td>
<td>11,557</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>329,400</td>
<td>365,950</td>
<td>452,671</td>
<td>(86,721)</td>
<td>413,261</td>
</tr>
<tr>
<td><strong>Total General Government</strong></td>
<td>645,300</td>
<td>680,850</td>
<td>754,677</td>
<td>(73,827)</td>
<td>728,843</td>
</tr>
<tr>
<td>Capital Outlay - General Government</td>
<td>261,400</td>
<td>261,400</td>
<td>137,704</td>
<td>123,696</td>
<td>330,582</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>906,700</td>
<td>942,250</td>
<td>892,381</td>
<td>49,869</td>
<td>1,059,425</td>
</tr>
<tr>
<td>Excess of Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over (Under) Expenditures</td>
<td>61,800</td>
<td>26,250</td>
<td>76,922</td>
<td>50,672</td>
<td>(54,931)</td>
</tr>
<tr>
<td><strong>OTHER FINANCING (USES):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers to Other Funds</td>
<td>(32,700)</td>
<td>(32,700)</td>
<td>(32,700)</td>
<td>-</td>
<td>(31,500)</td>
</tr>
<tr>
<td><strong>Change in Fund Balance</strong></td>
<td>$ 29,100</td>
<td>$ (6,450)</td>
<td>44,222</td>
<td>$ 50,672</td>
<td>(86,431)</td>
</tr>
<tr>
<td><strong>FUND BALANCE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2,373,672</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 2,417,894</td>
<td>$ 2,373,672</td>
<td></td>
<td></td>
<td>2,460,103</td>
</tr>
</tbody>
</table>
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - COMMUNITY DEVELOPMENT BLOCK GRANT

Year Ended December 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>Revenue/Expenditure Description</th>
<th>2018 Budgeted Amounts</th>
<th>Actual Amounts</th>
<th>Variance</th>
<th>Actual Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Intergovernmental:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grant</td>
<td>$98,900</td>
<td>$55,430</td>
<td>$34,225</td>
<td>$86,051</td>
</tr>
<tr>
<td><strong>Miscellaneous:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income (Loss)</td>
<td>600</td>
<td>-</td>
<td>1,469</td>
<td>1,469</td>
</tr>
<tr>
<td>Other Income</td>
<td>20,000</td>
<td>32,434</td>
<td>39,833</td>
<td>7,399</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>119,500</td>
<td>87,864</td>
<td>75,527</td>
<td>(12,337)</td>
</tr>
<tr>
<td><strong>Expenditures:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>98,900</td>
<td>93,939</td>
<td>80,353</td>
<td>13,586</td>
</tr>
<tr>
<td><strong>Excess of Revenues Over (Under) Expenditures</strong></td>
<td>$20,600</td>
<td>$(6,075)</td>
<td>(4,826)</td>
<td>$1,249</td>
</tr>
<tr>
<td><strong>Fund Balance:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>88,546</td>
<td></td>
<td></td>
<td>64,860</td>
</tr>
<tr>
<td>End of Year</td>
<td>$83,720</td>
<td></td>
<td></td>
<td>$88,546</td>
</tr>
</tbody>
</table>
## CITY OF MINNETONKA  
Hennepin County, Minnesota

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
IN FUND BALANCE - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - ELECTRIC FRANCHISE FEES  
Year Ended December 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018 Budgeted Amounts</th>
<th></th>
<th>Actual Amounts</th>
<th></th>
<th>Variance - Positive (Negative)</th>
<th></th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>$ 830,000</td>
<td>$ 835,000</td>
<td>$ 837,130</td>
<td>$ 2,130</td>
<td></td>
<td></td>
<td>$ 835,521</td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Cost-Share</td>
<td>197,235</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>633,207</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>2,000</td>
<td>44,000</td>
<td>56,363</td>
<td>12,363</td>
<td></td>
<td></td>
<td>24,382</td>
</tr>
<tr>
<td>Other</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4,337</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>1,029,235</td>
<td>879,000</td>
<td>893,493</td>
<td>14,493</td>
<td></td>
<td></td>
<td>1,497,447</td>
</tr>
</tbody>
</table>

| EXPENDITURES:  |                       |          |                |          |                               |          |        |
| Capital Outlay and General Government: |               |          |                |          |                               |          |        |
| Other Services and Charges | 2,500,000          | 2,410,000| 1,537,379      | 872,621  |                               |          | 495,400|
| Change in Fund Balance | ($ 1,470,765)      | ($ 1,531,000) | (643,886) | $ 887,114 |                               |          | 1,002,047|

| FUND BALANCE:  |                       |          |                |          |                               |          |        |
| Beginning of Year |                        |          | 3,808,906      |          |                               |          | 2,806,859|
| End of Year     | $ 3,165,020            |          |                |          |                               |          | $ 3,808,906|

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CITY OF MINNETONKA  
Hennepin County, Minnesota  

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN  
FUND BALANCE - BUDGET AND ACTUAL -  
SPECIAL REVENUE FUND - GRANTS  
Year Ended December 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018 Budgeted Amounts</th>
<th>2017</th>
<th>Variance -</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Actual Amounts</td>
<td>Positive</td>
</tr>
<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Grants</td>
<td>$ 51,600</td>
<td>$ 51,600</td>
<td>$ 60,928</td>
<td>$ 9,328</td>
</tr>
<tr>
<td>Local Grants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>100</td>
<td>100</td>
<td>(405)</td>
<td>(505)</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>51,700</td>
<td>51,700</td>
<td>60,523</td>
<td>8,823</td>
</tr>
</tbody>
</table>

| EXPENDITURES:          |          |       |              |         |            | 
| Public Safety:         |          |       |              |         |            | 
| Police:                |          |       |              |         |            | 
| Personal Services      | 40,600   | 40,600 | 42,329       | (1,729) | 35,769    | 
| Materials and Supplies | 11,000   | 11,000 | 4,508        | 6,492   | 28,037    | 
| Other Services and Charges | 50,841 | 94,000 | 121,699      | (27,699) | 233,885   | 
| Total Public Safety    | 102,441  | 145,600 | 168,536     | (22,936) | 297,691   | 

| Excess of Revenues Over (Under) Expenditures | $ (50,741) | $ (93,900) | (108,013) | $ (14,113) | (71,305) |

FUND BALANCE:  
Beginning of Year  
68,423  
139,728  

End of Year  
$ (39,590)  
$ 68,423
**CITY OF MINNETONKA**  
Hennepin County, Minnesota

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN**  
**FUND BALANCE - BUDGET AND ACTUAL -**  
**SPECIAL REVENUE FUND - HOUSING & REDEVELOPMENT AUTHORITY**  
Year Ended December 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th>REVENUES:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeted Amounts</strong></td>
<td><strong>Actual</strong></td>
<td><strong>Variance - Positive (Negative)</strong></td>
</tr>
<tr>
<td><strong>Original</strong></td>
<td><strong>Final</strong></td>
<td><strong>Original</strong></td>
</tr>
<tr>
<td>General Property Taxes</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>3,000</td>
<td>7,588</td>
</tr>
<tr>
<td>Other Income</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td><strong>253,000</strong></td>
<td><strong>257,588</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES:</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>150,000</td>
<td>58,285</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under) Expenditures</td>
<td>103,000</td>
<td>199,303</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>OTHER FINANCING (USES):</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers to Other Funds</td>
<td>(100,000)</td>
<td>(100,000)</td>
</tr>
</tbody>
</table>

| **Change in Fund Balance** | $3,000 | $99,303 | 54,555 | (44,748) | 177,677 |

**FUND BALANCE:**

<table>
<thead>
<tr>
<th></th>
<th><strong>Beginning of Year</strong></th>
<th><strong>End of Year</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>858,470</td>
<td>$913,025</td>
</tr>
<tr>
<td></td>
<td>680,793</td>
<td>$858,470</td>
</tr>
</tbody>
</table>
### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - POLICE FORFEITURE/SEIZURE FUND

Year Ended December 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Variance - Positive Amounts</th>
<th>Variance - Negative Amounts</th>
<th>Actual Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Actual</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>105,100</td>
<td>52,500</td>
<td>46,291</td>
<td>(6,209)</td>
<td>65,871</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>105,100</td>
<td>52,500</td>
<td>51,968</td>
<td>(532)</td>
<td>69,261</td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>105,100</td>
<td>52,500</td>
<td>93,382</td>
<td>(40,882)</td>
<td>102,800</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17,601</td>
</tr>
<tr>
<td>Total Public Safety</td>
<td>105,100</td>
<td>52,500</td>
<td>93,382</td>
<td>(40,882)</td>
<td>120,401</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under) Expenditures</td>
<td>$</td>
<td>-</td>
<td>$</td>
<td>(41,141)</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(51,140)</td>
</tr>
<tr>
<td><strong>FUND BALANCE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td></td>
<td></td>
<td>376,372</td>
<td></td>
<td>427,512</td>
</tr>
<tr>
<td>End of Year</td>
<td></td>
<td></td>
<td>$334,958</td>
<td></td>
<td>$376,372</td>
</tr>
</tbody>
</table>
## Schedule of Revenues, Expenditures and Change in
Fund Balance - Budget and Actual - Special Revenue Fund - Shady Oak Lane Cemetery

Year Ended December 31, 2018

With Summarized Financial Information for Year Ended December 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Original Final</td>
<td>Actual Amounts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Variance - Positive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Negative)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Actual</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>$ - $ - $ 2,330</td>
<td>$ 2,330 $ 2,330 $ 1,154</td>
</tr>
<tr>
<td>Total Revenues</td>
<td>$ - $ - $ 2,330</td>
<td>$ 2,330 $ 2,330 $ 1,154</td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>- - 1,150</td>
<td>(1,150) 1,100</td>
</tr>
<tr>
<td>Excess of Revenues Over (Under) Expenditures</td>
<td>$ - $ - 1,180</td>
<td>$ 1,180 54</td>
</tr>
<tr>
<td><strong>Fund Balance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of Year</td>
<td>139,229</td>
<td>139,175</td>
</tr>
<tr>
<td>End of Year</td>
<td>$ 140,409</td>
<td>$ 139,229</td>
</tr>
</tbody>
</table>
### ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:

**Current Assets:**
- **Cash and Investments:** $2,456,055
- **Accounts Receivable:** 18,116
- **Interest Receivable:** 9,030
- **Due From Other Governments:** -
- **Prepaid Items:** 82,804
- **Inventories:** -

**Total Assets:** $2,566,005

**Deferred Outflows of Resources:**
- **OPEB:** $2,608
- **MNPERA Pension:** 52,411

**Total Deferred Outflows of Resources:** 55,019

### LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION:

**Liabilities:**
- **Current Liabilities:**
  - **Salaries and Wages Payable:** -
  - **Accounts Payable:** 195,314
  - **Incurred but Not Reported Claims:** 44,062
  - **Current Portion of Compensated Absences:** -

**Total Current Liabilities:** 239,376

**Long-Term Liabilities:**
- **Compensated Absences:** -
- **Total OPEB Liability:** -
- **MNPERA-Net Pension Liability:** -

**Total Noncurrent Liabilities:** 418,571

**Total Liabilities:** 239,376

**Deferred Inflows of Resources:**
- **MNPERA Pension:** -

**Total Deferred Inflows of Resources:** 75,180

**Net Position:**
- **Unrestricted:** 2,326,629

**Total Net Position:** $2,326,629
**CITY OF MINNETONKA**  
Hennepin County, Minnesota

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - INTERNAL SERVICE FUNDS**  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Self Insurance</th>
<th>Fleet Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges to City Departments</td>
<td>$ 673,100</td>
<td>$ 1,604,595</td>
<td>$ 2,277,695</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>25,101</td>
<td>50,881</td>
<td>75,982</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>698,201</td>
<td>1,655,476</td>
<td>2,353,677</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>-</td>
<td>510,546</td>
<td>510,546</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>-</td>
<td>866,897</td>
<td>866,897</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>516,319</td>
<td>358,707</td>
<td>875,026</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>516,319</td>
<td>1,736,150</td>
<td>2,252,469</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>181,882</td>
<td>(80,674)</td>
<td>101,208</td>
</tr>
<tr>
<td><strong>NONOPERATING REVENUES (EXPENSES):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>33,728</td>
<td>11,422</td>
<td>45,150</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues (Expenses)</strong></td>
<td>33,728</td>
<td>11,422</td>
<td>45,150</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td>215,610</td>
<td>(69,252)</td>
<td>146,358</td>
</tr>
<tr>
<td><strong>NET POSITION:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position - Beginning</td>
<td>2,111,019</td>
<td>387,515</td>
<td>2,498,534</td>
</tr>
<tr>
<td>Change in Accounting Principle</td>
<td>-</td>
<td>(8,709)</td>
<td>(8,709)</td>
</tr>
<tr>
<td>Net Position - Beginning, as Restated</td>
<td>2,111,019</td>
<td>378,806</td>
<td>2,489,825</td>
</tr>
<tr>
<td><strong>Net Position - Ending</strong></td>
<td>$ 2,326,629</td>
<td>$ 309,554</td>
<td>$ 2,636,183</td>
</tr>
</tbody>
</table>
# Combining Statement of Cash Flows - Internal Service Funds

## For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Activity</th>
<th>Self Insurance</th>
<th>Fleet Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CASH FLOWS - OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipts from Interfund Services Provided</td>
<td>$673,100</td>
<td>$1,608,453</td>
<td>$2,281,553</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>25,101</td>
<td>50,881</td>
<td>75,982</td>
</tr>
<tr>
<td>Payments to Suppliers</td>
<td>-</td>
<td>(1,182,458)</td>
<td>(1,182,458)</td>
</tr>
<tr>
<td>Payments to Employees</td>
<td>-</td>
<td>(447,180)</td>
<td>(447,180)</td>
</tr>
<tr>
<td>Payments of Benefits on Behalf of Employees</td>
<td>(492,631)</td>
<td>-</td>
<td>(492,631)</td>
</tr>
<tr>
<td><strong>Net Cash Flows - Operating Activities</strong></td>
<td>$205,570</td>
<td>29,696</td>
<td>235,266</td>
</tr>
<tr>
<td><strong>CASH FLOWS - INVESTING ACTIVITIES:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of Investments</td>
<td>4,773,693</td>
<td>1,601,455</td>
<td>6,375,148</td>
</tr>
<tr>
<td>Sale of Investments</td>
<td>(3,365,671)</td>
<td>(1,106,768)</td>
<td>(4,472,439)</td>
</tr>
<tr>
<td>Interest and Dividends Received</td>
<td>30,153</td>
<td>10,419</td>
<td>40,572</td>
</tr>
<tr>
<td><strong>Net Cash Flows - Investing Activities</strong></td>
<td>1,438,175</td>
<td>505,106</td>
<td>1,943,281</td>
</tr>
<tr>
<td><strong>Net Change in Cash and Cash Equivalents</strong></td>
<td>1,643,745</td>
<td>534,802</td>
<td>2,178,547</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, January 1</td>
<td>288,449</td>
<td>100,600</td>
<td>389,049</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, December 31</td>
<td>$1,932,194</td>
<td>$635,402</td>
<td>$2,567,596</td>
</tr>
</tbody>
</table>

## Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities:

<table>
<thead>
<tr>
<th>Adjustment</th>
<th>Self Insurance</th>
<th>Fleet Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income (Loss)</td>
<td>$181,882</td>
<td>$(80,674)</td>
<td>$101,208</td>
</tr>
<tr>
<td>Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due from Other Governments</td>
<td>-</td>
<td>3,858</td>
<td>3,858</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>(12,661)</td>
<td>-</td>
<td>(12,661)</td>
</tr>
<tr>
<td>Prepaid Items</td>
<td>(82,804)</td>
<td>-</td>
<td>(82,804)</td>
</tr>
<tr>
<td>Inventories</td>
<td>-</td>
<td>10,625</td>
<td>10,625</td>
</tr>
<tr>
<td>OPEB (Deferred Outflow)</td>
<td>-</td>
<td>(2,608)</td>
<td>(2,608)</td>
</tr>
<tr>
<td>Pensions (Deferred Outflow)</td>
<td>-</td>
<td>20,536</td>
<td>20,536</td>
</tr>
<tr>
<td>Salaries and Wages Payable</td>
<td>-</td>
<td>2,851</td>
<td>2,851</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>119,153</td>
<td>32,521</td>
<td>151,674</td>
</tr>
<tr>
<td>Compensated Absences Payable</td>
<td>-</td>
<td>10,473</td>
<td>10,473</td>
</tr>
<tr>
<td>Net Pension</td>
<td>-</td>
<td>3,355</td>
<td>3,355</td>
</tr>
<tr>
<td>Pensions (Deferred Inflow)</td>
<td>-</td>
<td>17,119</td>
<td>17,119</td>
</tr>
<tr>
<td>Unfunded OPEB Obligation</td>
<td>-</td>
<td>11,640</td>
<td>11,640</td>
</tr>
<tr>
<td><strong>Total Adjustments</strong></td>
<td>23,688</td>
<td>110,370</td>
<td>134,058</td>
</tr>
<tr>
<td><strong>Net Cash Flows - Operating Activities</strong></td>
<td>$205,570</td>
<td>29,696</td>
<td>$235,266</td>
</tr>
</tbody>
</table>

## Noncash Investing, Capital, and Financing Activities:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Self Insurance</th>
<th>Fleet Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (Decline) in Fair Value of Investments</td>
<td>$2,935</td>
<td>$1,159</td>
<td>$4,094</td>
</tr>
<tr>
<td><strong>Total Noncash Transactions</strong></td>
<td>$2,935</td>
<td>$1,159</td>
<td>$4,094</td>
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</tbody>
</table>

## Reconciliation of Cash and Cash Equivalents to the Statement of Position:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Self Insurance</th>
<th>Fleet Maintenance</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Investments</td>
<td>$2,456,055</td>
<td>$807,673</td>
<td>$3,263,728</td>
</tr>
<tr>
<td>Less: Investments not Meeting the Definition of Cash Equivalents</td>
<td>(523,861)</td>
<td>(172,271)</td>
<td>(696,132)</td>
</tr>
<tr>
<td><strong>Total Cash and Cash Equivalents</strong></td>
<td>$1,932,194</td>
<td>$635,402</td>
<td>$2,567,596</td>
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</tbody>
</table>
## CITY OF MINNETONKA
### Hennepin County, Minnesota

### COMBINING STATEMENT OF FIDUCIARY NET POSITION - PRIVATE-PURPOSE TRUST FUNDS
#### December 31, 2018

<table>
<thead>
<tr>
<th></th>
<th>Clarion Hills Stewardship</th>
<th>Meadow Woods Stewardship</th>
<th>Stone Trace Stewardship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$ 174,966</td>
<td>$ 91,906</td>
<td>$ 22,008</td>
<td>$ 288,880</td>
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<tr>
<td>Interest Receivable</td>
<td>776</td>
<td>407</td>
<td>101</td>
<td>1,284</td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>175,742</td>
<td>92,313</td>
<td>22,109</td>
<td>290,164</td>
</tr>
<tr>
<td><strong>LIABILITIES:</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Accounts Payable</td>
<td>833</td>
<td>-</td>
<td>-</td>
<td>833</td>
</tr>
<tr>
<td><strong>NET POSITION:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Position, Held in Trust</td>
<td>$ 174,909</td>
<td>$ 92,313</td>
<td>$ 22,109</td>
<td>$ 289,331</td>
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</table>
CITY OF MINNETONKA  
Hennepin County, Minnesota

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -  
PRIVATE-PURPOSE TRUST FUNDS  
For the Year Ended December 31, 2018

<table>
<thead>
<tr>
<th>Clarion Hills Stewardship</th>
<th>Meadow Woods Stewardship</th>
<th>Stone Trace Stewardship</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ADDITIONS:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions from</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Participants</td>
<td>$7,853</td>
<td>$5,000</td>
<td>$1,824</td>
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<tr>
<td>Investment Earnings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest</td>
<td>2,910</td>
<td>1,514</td>
<td>386</td>
</tr>
<tr>
<td>Total Additions</td>
<td>10,763</td>
<td>6,514</td>
<td>2,210</td>
</tr>
<tr>
<td><strong>DEDUCTIONS:</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Benefits</td>
<td>3,819</td>
<td>-</td>
<td>1,730</td>
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<tr>
<td>Change in Net Position</td>
<td>6,944</td>
<td>6,514</td>
<td>480</td>
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<tr>
<td>Net Position - January 1</td>
<td>167,965</td>
<td>85,799</td>
<td>21,629</td>
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<td>Net Position - December 31</td>
<td>$174,909</td>
<td>$92,313</td>
<td>$22,109</td>
</tr>
<tr>
<td>Assets/Liabilities</td>
<td>Balance at January 1, 2018</td>
<td>Additions</td>
<td>Deductions</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------</td>
<td>-----------</td>
<td>------------</td>
</tr>
<tr>
<td>Cash and Investments</td>
<td>$1,942,945</td>
<td>$1,668,136</td>
<td>$1,800,712</td>
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<tr>
<td>Accounts Payable</td>
<td>$1,942,945</td>
<td>$1,668,136</td>
<td>$1,800,712</td>
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OTHER SUPPLEMENTARY INFORMATION

GENERAL FUND – SCHEDULE OF REVENUES AND OTHER FINANCIAL SERVICES AND SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES – BUDGET TO ACTUAL
## SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
### BUDGET AND ACTUAL - GENERAL FUND
#### For the Year Ended December 31, 2018

WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Variance - Positive</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Budgeted Amounts</td>
<td>Actual Amounts</td>
<td>(Negative)</td>
<td></td>
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<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td></td>
<td></td>
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<tr>
<td>REVENUES:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Property Taxes</td>
<td>$25,082,828</td>
<td>$25,092,800</td>
<td>$25,206,803</td>
<td>$114,003</td>
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<tr>
<td>Licenses and Permits:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Licenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquor Licenses</td>
<td>220,000</td>
<td>234,000</td>
<td>210,040</td>
<td>(23,960)</td>
</tr>
<tr>
<td>Food Handlers Licenses</td>
<td>215,000</td>
<td>225,000</td>
<td>246,664</td>
<td>21,664</td>
</tr>
<tr>
<td>Building Permits</td>
<td>1,800,000</td>
<td>1,800,000</td>
<td>2,718,481</td>
<td>918,481</td>
</tr>
<tr>
<td>Plumbing Permits</td>
<td>280,000</td>
<td>280,000</td>
<td>310,693</td>
<td>30,693</td>
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<tr>
<td>Electrical Permits</td>
<td>325,000</td>
<td>325,000</td>
<td>437,825</td>
<td>112,825</td>
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<tr>
<td>HVAC Permits</td>
<td>420,000</td>
<td>420,000</td>
<td>581,969</td>
<td>161,969</td>
</tr>
<tr>
<td>Other Licenses and Permits</td>
<td>285,400</td>
<td>189,400</td>
<td>277,444</td>
<td>88,044</td>
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<tr>
<td>Total Licenses and Permits</td>
<td>3,545,400</td>
<td>3,473,400</td>
<td>4,783,116</td>
<td>1,309,716</td>
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<tr>
<td>Intergovernmental Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Safety State Aid</td>
<td>831,400</td>
<td>858,900</td>
<td>858,923</td>
<td>23</td>
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<tr>
<td>Federal Grants</td>
<td>-</td>
<td>-</td>
<td>8,191</td>
<td>8,191</td>
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<tr>
<td>State Grants</td>
<td>50,000</td>
<td>70,000</td>
<td>124,529</td>
<td>54,529</td>
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<tr>
<td>Other</td>
<td>76,700</td>
<td>76,700</td>
<td>120,543</td>
<td>43,843</td>
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<tr>
<td>Total Intergovernmental Revenues</td>
<td>958,100</td>
<td>1,005,600</td>
<td>1,112,186</td>
<td>106,586</td>
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<tr>
<td>Charges for Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation Fees</td>
<td>1,218,000</td>
<td>1,218,000</td>
<td>1,254,950</td>
<td>36,950</td>
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<tr>
<td>Other</td>
<td>275,300</td>
<td>408,800</td>
<td>515,059</td>
<td>106,259</td>
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<tr>
<td>Total Charges for Services</td>
<td>1,493,300</td>
<td>1,626,800</td>
<td>1,770,099</td>
<td>143,209</td>
</tr>
<tr>
<td>Fines and Forfeitures</td>
<td>502,000</td>
<td>433,500</td>
<td>402,635</td>
<td>(30,865)</td>
</tr>
<tr>
<td>Other Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment Income</td>
<td>150,000</td>
<td>200,000</td>
<td>464,477</td>
<td>264,477</td>
</tr>
<tr>
<td>Building and Equipment Rent</td>
<td>585,200</td>
<td>585,200</td>
<td>606,078</td>
<td>20,878</td>
</tr>
<tr>
<td>Other</td>
<td>275,722</td>
<td>220,800</td>
<td>234,057</td>
<td>13,257</td>
</tr>
<tr>
<td>Total Other Revenues</td>
<td>1,010,922</td>
<td>1,006,000</td>
<td>1,304,612</td>
<td>298,612</td>
</tr>
<tr>
<td>Total Revenues before Other Financing Sources</td>
<td>32,592,550</td>
<td>32,638,100</td>
<td>34,579,361</td>
<td>1,941,261</td>
</tr>
</tbody>
</table>

### OTHER FINANCING SOURCES:

| Transfers from Other Funds | 1,374,400 | 1,374,400 | 1,374,400 | -     | 1,353,400 |

Total Revenues and Other Financing Sources:

| $33,966,950 | $34,012,500 | $35,953,761 | $1,941,261 | $33,502,630 |
CITY OF MINNETONKA  
Hennepin County, Minnesota  

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2018  
WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

<table>
<thead>
<tr>
<th></th>
<th>2018 Budgeted Amounts</th>
<th>Variance</th>
<th>2017 Actual Amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Original</td>
<td>Final</td>
<td>Actual</td>
</tr>
<tr>
<td>EXPENDITURES:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Government:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mayor and Council:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>$86,900</td>
<td>$86,900</td>
<td>$88,432</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>-</td>
<td>-</td>
<td>161</td>
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<tr>
<td>Other Services and Charges</td>
<td>173,600</td>
<td>173,000</td>
<td>156,867</td>
</tr>
<tr>
<td>Total Mayor and Council</td>
<td>260,500</td>
<td>259,900</td>
<td>245,460</td>
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<tr>
<td>General Administration:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>1,470,000</td>
<td>1,437,400</td>
<td>1,438,203</td>
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<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>36,000</td>
<td>36,000</td>
<td>48,239</td>
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<tr>
<td>Other Services and Charges</td>
<td>331,100</td>
<td>331,100</td>
<td>314,668</td>
</tr>
<tr>
<td>Total General Administration</td>
<td>1,837,100</td>
<td>1,804,500</td>
<td>1,801,110</td>
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<tr>
<td>Information Technology:</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>562,000</td>
<td>529,300</td>
<td>460,045</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>1,500</td>
<td>1,500</td>
<td>827</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>401,800</td>
<td>433,800</td>
<td>465,050</td>
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<td>Total Information Technology</td>
<td>965,300</td>
<td>964,600</td>
<td>925,922</td>
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<tr>
<td>Finance:</td>
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<tr>
<td>Personal Services</td>
<td>788,800</td>
<td>785,800</td>
<td>758,927</td>
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<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>4,900</td>
<td>7,000</td>
<td>6,789</td>
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<td>Other Services and Charges</td>
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<td>188,500</td>
<td>176,380</td>
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<td>Total Finance</td>
<td>967,000</td>
<td>981,300</td>
<td>942,096</td>
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<tr>
<td>Assessing:</td>
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<tr>
<td>Personal Services</td>
<td>648,000</td>
<td>648,000</td>
<td>616,431</td>
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<td>4,000</td>
<td>3,400</td>
<td>2,265</td>
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<td>Other Services and Charges</td>
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<td>143,500</td>
<td>111,135</td>
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<td>Total Assessing</td>
<td>794,900</td>
<td>794,900</td>
<td>729,831</td>
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<td>Contingency:</td>
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<tr>
<td>Other Services and Charges</td>
<td>50,000</td>
<td>50,000</td>
<td>-</td>
</tr>
<tr>
<td>Total General Government</td>
<td>4,874,800</td>
<td>4,855,200</td>
<td>4,644,419</td>
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<tr>
<td>Development Services:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planning:</td>
<td></td>
<td></td>
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<tr>
<td>Personal Services</td>
<td>623,900</td>
<td>623,900</td>
<td>586,743</td>
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<td>Supplies, Repairs and Maintenance</td>
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<td>3,800</td>
<td>3,165</td>
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<td>112,500</td>
<td>91,601</td>
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<td>Capital Outlay</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Planning</td>
<td>746,200</td>
<td>740,200</td>
<td>681,509</td>
</tr>
</tbody>
</table>
## CITY OF MINNETONKA
### Hennepin County, Minnesota
### SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
### BUDGET AND ACTUAL - GENERAL FUND
### For the Year Ended December 31, 2018
### WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017
### (Continued)

<table>
<thead>
<tr>
<th>EXPENDITURES: (Continued)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development Services: (Continued)</td>
<td></td>
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<tr>
<td>Engineering:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>1,198,300</td>
<td>1,198,300</td>
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<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>16,700</td>
<td>16,900</td>
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<td>Other Services and Charges</td>
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<td>110,000</td>
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<tr>
<td>Total Engineering</td>
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<tr>
<td>Community Development:</td>
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</tr>
<tr>
<td>Personal Services</td>
<td>1,535,700</td>
<td>1,439,000</td>
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<td>Supplies, Repairs and Maintenance</td>
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<td>41,181</td>
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<td>298,219</td>
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<td>1,778,400</td>
</tr>
<tr>
<td>Total Development Services</td>
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<td>3,843,800</td>
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<tr>
<td>Public Works:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Street:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>2,045,400</td>
<td>2,045,400</td>
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<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>390,900</td>
<td>390,900</td>
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<tr>
<td>Other Services and Charges</td>
<td>1,105,300</td>
<td>1,101,200</td>
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<tr>
<td>Total Street</td>
<td>3,541,600</td>
<td>3,537,500</td>
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<tr>
<td>Building:</td>
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<td></td>
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<tr>
<td>Personal Services</td>
<td>816,800</td>
<td>816,800</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>120,400</td>
<td>120,400</td>
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<tr>
<td>Other Services and Charges</td>
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</tr>
<tr>
<td>Total Building</td>
<td>1,292,500</td>
<td>1,292,300</td>
</tr>
<tr>
<td>Total Public Works</td>
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<td>4,829,800</td>
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<tr>
<td>Public Safety:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Police:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>8,291,000</td>
<td>8,291,000</td>
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<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>409,700</td>
<td>371,700</td>
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<tr>
<td>Other Services and Charges</td>
<td>1,042,200</td>
<td>1,027,700</td>
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<tr>
<td>Total Police</td>
<td>9,742,900</td>
<td>9,690,400</td>
</tr>
<tr>
<td>Dispatch:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Supplies, Repairs and Maintenance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Services and Charges</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Dispatch</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
### BUDGET AND ACTUAL - GENERAL FUND
#### For the Year Ended December 31, 2018
##### WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017

(Continued)

<table>
<thead>
<tr>
<th>EXPENDITURES: (Continued)</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public Safety: (Continued)</strong></td>
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<td><strong>Fire:</strong></td>
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<td>Personal Services</td>
<td>$2,079,400</td>
<td>$2,079,400</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>171,600</td>
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<td>Other Services and Charges</td>
<td>875,700</td>
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<td><strong>Total Fire</strong></td>
<td>3,126,700</td>
<td>3,112,600</td>
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<td><strong>Legal:</strong></td>
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<td>Personal Services</td>
<td>763,800</td>
<td>763,800</td>
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<td>Supplies, Repairs and Maintenance</td>
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<td>Other Services and Charges</td>
<td>57,600</td>
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<tr>
<td><strong>Total Legal</strong></td>
<td>827,400</td>
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<td><strong>Environmental Health:</strong></td>
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<td>Personal Services</td>
<td>385,600</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>5,000</td>
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<td><strong>Total Environmental Health</strong></td>
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<td><strong>Total Public Safety</strong></td>
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<td><strong>Joint Recreation:</strong></td>
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<td>357,400</td>
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<td>1,200</td>
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<td><strong>Total Minnetonka Recreation</strong></td>
<td>653,400</td>
<td>653,300</td>
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<td><strong>Parks and Trails:</strong></td>
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<tr>
<td>Personal Services</td>
<td>1,103,600</td>
<td>1,103,600</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>192,300</td>
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<td>Other Services and Charges</td>
<td>465,900</td>
<td>464,900</td>
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<tr>
<td><strong>Total Parks and Trails</strong></td>
<td>1,761,800</td>
<td>1,760,800</td>
</tr>
</tbody>
</table>

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CITY OF MINNETONKA
Hennepin County, Minnesota

144
## SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
### BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2018

**WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2017**

(Continued)

### EXPENDITURES: (Continued)

#### Park and Recreation: (Continued)

- **Natural Resources:**
  - Personal Services: 786,800
  - Supplies, Repairs and Maintenance: 18,600
  - Other Services and Charges: 566,400

  **Total Natural Resources:** 1,371,800

- **Community Facility:**
  - Personal Services: 340,300
  - Supplies, Repairs and Maintenance: 54,500
  - Other Services and Charges: 127,900

  **Total Community Facility:** 522,700

- **Senior Services:**
  - Personal Services: 267,100
  - Supplies, Repairs and Maintenance: 55,500
  - Other Services and Charges: 60,400

  **Total Senior Services:** 383,000

**Total Park and Recreation:** 6,244,650

### OTHER FINANCING USES:

- Transfers to Other Funds: 1,313,000

**Total Expenditures before Other Financing Uses:** 33,906,450

**Total Expenditures and Other Financing Uses:** $35,219,450

### Variance - Actual

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<thead>
<tr>
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<th>Original</th>
<th>Final</th>
<th>Amounts</th>
<th>(Negative)</th>
<th>Actual</th>
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<td><strong>2018</strong></td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>2017</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EXPENDITURES:</strong> (Continued)</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td><strong>Park and Recreation:</strong> (Continued)</td>
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<td></td>
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</tr>
<tr>
<td>Natural Resources:</td>
<td>$ 786,800</td>
<td>$ 786,800</td>
<td>$ 704,822</td>
<td>$ 81,978</td>
<td>$ 613,691</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>18,600</td>
<td>24,400</td>
<td>19,043</td>
<td>5,357</td>
<td>14,470</td>
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<td>560,600</td>
<td>553,312</td>
<td>7,288</td>
<td>456,345</td>
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<td>1,371,800</td>
<td>1,371,800</td>
<td>1,277,177</td>
<td>94,623</td>
<td>1,084,506</td>
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<td></td>
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<tr>
<td>Personal Services</td>
<td>340,300</td>
<td>340,800</td>
<td>357,619</td>
<td>(16,819)</td>
<td>357,688</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>54,500</td>
<td>54,500</td>
<td>29,041</td>
<td>25,459</td>
<td>25,762</td>
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<td>127,900</td>
<td>125,700</td>
<td>115,751</td>
<td>9,949</td>
<td>84,697</td>
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<td>Total Community Facility</td>
<td>522,700</td>
<td>521,000</td>
<td>502,411</td>
<td>18,589</td>
<td>468,147</td>
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<tr>
<td>Senior Services:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>267,100</td>
<td>267,600</td>
<td>254,095</td>
<td>13,505</td>
<td>243,540</td>
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<td>Supplies, Repairs and Maintenance</td>
<td>55,500</td>
<td>77,800</td>
<td>85,960</td>
<td>(8,160)</td>
<td>69,954</td>
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<td>60,400</td>
<td>67,500</td>
<td>67,403</td>
<td>97</td>
<td>82,050</td>
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<tr>
<td>Total Senior Services</td>
<td>383,000</td>
<td>412,900</td>
<td>407,458</td>
<td>5,442</td>
<td>395,544</td>
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<tr>
<td><strong>Total Park and Recreation</strong></td>
<td>6,244,650</td>
<td>6,234,300</td>
<td>5,957,326</td>
<td>276,974</td>
<td>5,409,205</td>
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<tr>
<td><strong>Total Expenditures before Other Financing Uses</strong></td>
<td>33,906,450</td>
<td>33,799,600</td>
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<td>950,412</td>
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<td><strong>Total Expenditures and Other Financing Uses</strong></td>
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<td>$35,112,600</td>
<td>$34,179,377</td>
<td>$933,223</td>
<td>$32,601,970</td>
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SECTION III
STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about overall financial health. The following are the categories of the various schedules that are included in this section.

Financial Trends
These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.

Revenue Capacity
These schedules contain information to help the reader assess the City’s most significant revenue source.

Debt Capacity
These schedules help the reader assess the affordability of the City’s current levels of outstanding debt, and the City’s ability to issue additional debt in the future.

Demographic and Economic Information
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.

Operating Information
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>Governmental Activities:</strong></td>
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<tr>
<td>Net Investment in Capital Assets</td>
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<td>$83,506,166</td>
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<td>$92,038,719</td>
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<td>$112,360,020</td>
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<td>Restricted</td>
<td>1,868,249</td>
<td>4,709,001</td>
<td>2,027,278</td>
<td>4,861,345</td>
<td>5,466,893</td>
<td>5,859,715</td>
<td>6,535,559</td>
<td>13,027,268</td>
<td>14,936,260</td>
<td>16,314,540</td>
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<tr>
<td>Unrestricted</td>
<td>55,735,299</td>
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<td>60,037,739</td>
<td>50,537,717</td>
<td>51,254,752</td>
<td>57,192,458</td>
<td>65,666,057</td>
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<tr>
<td><strong>Business-Type Activities:</strong></td>
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<td></td>
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<td></td>
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<tr>
<td>Unrestricted</td>
<td>15,207,652</td>
<td>15,336,367</td>
<td>14,967,144</td>
<td>14,743,165</td>
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<td>23,797,419</td>
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<td><strong>Primary Government:</strong></td>
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<td></td>
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<tr>
<td>Restricted</td>
<td>1,868,249</td>
<td>4,709,001</td>
<td>2,027,278</td>
<td>4,861,345</td>
<td>5,466,893</td>
<td>5,859,715</td>
<td>6,535,559</td>
<td>13,027,268</td>
<td>14,936,260</td>
<td>16,314,540</td>
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<td><strong>Total Primary Government - Net Position</strong></td>
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<td>$261,676,315</td>
<td>$270,586,709</td>
<td>$283,904,870</td>
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Source: City of Minnetonka financial records
<table>
<thead>
<tr>
<th>Year</th>
<th>EXPENSES:</th>
<th>PROGRAM REVENUES:</th>
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<tbody>
<tr>
<td></td>
<td>Governmental Activities:</td>
<td>Governmental Activities:</td>
</tr>
<tr>
<td></td>
<td>General Services</td>
<td>Charges for Services:</td>
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<td></td>
<td>Development Services</td>
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</tr>
<tr>
<td></td>
<td>Public Works</td>
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<td></td>
<td>Public Safety</td>
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<tr>
<td></td>
<td>Parks and Recreation</td>
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</tr>
<tr>
<td></td>
<td>Interest on Long-Term Debt</td>
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</tr>
<tr>
<td></td>
<td>Total Governmental Activities Expenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business-Type Activities:</td>
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</tr>
<tr>
<td></td>
<td>Water and Sewer Utility</td>
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<tr>
<td></td>
<td>Ice Arena</td>
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<td></td>
<td>Environmental Operations</td>
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<td></td>
<td>Williston Fitness Center</td>
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<td></td>
<td>Grays Bay Marina</td>
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<tr>
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<td>Storm Water Fund</td>
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<td></td>
<td>Total Business-Type Activities</td>
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</tr>
<tr>
<td></td>
<td>Total Primary Government Expenses</td>
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</table>

**CHANGES IN NET POSITION**

_Last Ten Fiscal Years_

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<tr>
<th>Year</th>
<th>EXPENSES:</th>
<th>PROGRAM REVENUES:</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Governmental Activities:</td>
<td>Governmental Activities:</td>
</tr>
<tr>
<td></td>
<td>General Services</td>
<td>Charges for Services:</td>
</tr>
<tr>
<td></td>
<td>Development Services</td>
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<td>Public Works</td>
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<td></td>
<td>Public Safety</td>
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<td>Parks and Recreation</td>
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<td></td>
<td>Interest on Long-Term Debt</td>
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<tr>
<td></td>
<td>Total Governmental Activities Expenses</td>
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<td></td>
<td>Business-Type Activities:</td>
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</tr>
<tr>
<td></td>
<td>Water and Sewer Utility</td>
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<tr>
<td></td>
<td>Ice Arena</td>
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<tr>
<td></td>
<td>Environmental Operations</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Williston Fitness Center</td>
<td></td>
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<tr>
<td></td>
<td>Grays Bay Marina</td>
<td></td>
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<tr>
<td></td>
<td>Storm Water Fund</td>
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<td></td>
<td>Total Business-Type Activities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total Primary Government Expenses</td>
<td></td>
</tr>
</tbody>
</table>
### PROGRAM REVENUES (Continued)

**Business-Type Activities:**

- **Charges for Services:**
  - Water and Sewer Utility: $10,389,772 $10,513,551 $11,024,675 $12,613,945 $11,298,120 $11,477,857 $14,394,358 $14,137,665 $17,165,306 $17,196,532
  - Ice Arena: 876,255 852,219 863,016 898,047 832,051 923,141 845,207 871,738 893,463 866,916
  - Environmental Operations: 1,105,237 1,133,859 1,402,967 2,109,149 2,460,672 2,492,730 2,395,503 2,728,004 2,739,842
  - Williston Fitness Center: 225,851 200,664 235,753 242,522 245,034 217,819 243,303 237,720 253,784 279,947
  - Grays Bay Marina: 1,853,346 1,967,659 2,157,297 2,162,188 2,229,863 2,297,289 2,370,289 2,440,690 2,518,112 2,599,644
  - Storm Water Fund: 134,845 133,780 190,021 133,903 191,739 235,986 157,548 261,693 162,055 139,002

- **Operating Grants and Contributions:** 134,845 133,780 190,021 133,903 191,739 235,986 157,548 261,693 162,055 139,002

- **Capital Grants and Contributions:** 538,747 219,371 - - - - - - -

**Total Business-Type Activities Program Revenues:** $16,118,155 $15,581,061 $16,797,015 $18,828,489 $17,856,847 $18,390,034 $21,164,961 $21,290,331 $24,586,367 $24,651,215

### NET EXPENSE (REVENUE)

**Governmental Activities:**

- Property Taxes: $28,384,529 $30,004,879 $30,663,713 $31,655,149 $32,133,116 $31,260,616 $32,681,646 $34,022,340 $35,543,357 $37,542,646
- Franchise Taxes: 1,483,731 1,477,059 1,521,278 1,599,464 1,684,671 1,715,787 1,728,394 1,772,851 1,811,774 1,752,185
- Tax Increment: - - - - 2,362,579 2,405,931 2,486,080 2,689,708 3,426,105
- State aid - Unrestricted: - - - - - - - - -
- Investment Earnings (Loss): 2,744,051 1,162,580 590,467 323,344 (254,522) 761,387 509,257 352,475 652,196 1,552,896
- Sale of Capital Assets: - - - - - - - - -
- Other General Revenue: 50,678 45,167 139,503 67,443 53,933 51,063 55,717 60,050 138,918 167,948
- Transfers: 1,064,600 1,260,000 1,222,300 (2,972,865) 1,575,159 1,405,203 133,190 1,099,144 1,125,069 1,033,156

**Total Governmental Activities:** $34,049,589 $34,171,020 $34,223,120 $30,716,570 $32,133,116 $31,260,616 $32,681,646 $34,022,340 $35,543,357 $37,542,646

**Business-Type Activities:**

- Investment Earnings (Loss): 823,429 278,519 176,137 78,757 (47,516) 164,893 82,813 84,919 166,214 504,694
- Gain on Sale of Capital Assets: - - - - 19,010 - - - -
- Other: 3,466 - - - - - - - -
- Transfers: (1,064,600) (1,260,000) (1,222,300) 2,972,865 (1,575,159) (1,405,203) (133,190) (1,099,144) (1,125,069) (1,033,156)

**Total Business-Type Activities:** (241,171) (978,015) (1,046,163) 3,051,622 (1,603,665) (1,240,310) (50,377) (1,014,225) (958,855) (528,462)

**Total Primary Government:** $33,808,418 $33,193,005 $33,176,957 $33,674,819 $36,370,356 $37,484,813 $38,807,017 $41,002,167 $44,946,474
### CHANGES IN NET POSITION
#### Last Ten Fiscal Years
(Continued)

<table>
<thead>
<tr>
<th>Year</th>
<th>Governmental Activities</th>
<th>Business-Type Activities</th>
<th>Total Primary Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>$6,272,002</td>
<td>$(1,271,532)</td>
<td>$5,000,470</td>
</tr>
<tr>
<td>2010</td>
<td>$4,169,802</td>
<td>$(3,227,300)</td>
<td>$942,502</td>
</tr>
<tr>
<td>2011</td>
<td>$5,742,700</td>
<td>$(2,713,176)</td>
<td>$3,029,524</td>
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<tr>
<td>2012</td>
<td>$(1,002,697)</td>
<td>$2,864,677</td>
<td>$1,861,980</td>
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<tr>
<td>2013</td>
<td>$4,412,361</td>
<td>$(1,991,832)</td>
<td>$2,420,529</td>
</tr>
<tr>
<td>2014</td>
<td>$6,687,281</td>
<td>$(2,043,388)</td>
<td>$4,643,893</td>
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<tr>
<td>2015</td>
<td>$6,370,135</td>
<td>$1,038,890</td>
<td>$7,409,025</td>
</tr>
<tr>
<td>2016</td>
<td>$7,196,808</td>
<td>$1,713,586</td>
<td>$8,910,394</td>
</tr>
<tr>
<td>2017</td>
<td>$9,691,979</td>
<td>$3,626,182</td>
<td>$13,318,161</td>
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<tr>
<td>2018</td>
<td>$20,451,766</td>
<td>$3,208,183</td>
<td>$23,659,949</td>
</tr>
</tbody>
</table>

Source: City of Minnetonka financial records
CITY OF MINNETONKA  
Hennepin County, Minnesota  

FUND BALANCES-GOVERNMENTAL FUNDS  
Last Ten Fiscal Years  

<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>General Fund:</strong></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Reserved</td>
<td>$548,795</td>
<td>$464,915</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
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<tr>
<td>Unreserved</td>
<td>13,263,687</td>
<td>13,238,701</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1,010,000</td>
<td>1,040,000</td>
<td>1,050,000</td>
<td>1,000,000</td>
<td>1,020,000</td>
<td>1,000,000</td>
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<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>11,544,440</td>
<td>12,171,177</td>
<td>12,321,900</td>
<td>12,594,400</td>
<td>12,973,500</td>
<td>13,532,940</td>
<td>13,972,800</td>
<td>14,688,800</td>
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<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>4,574,091</td>
<td>3,617,308</td>
<td>4,014,873</td>
<td>3,742,975</td>
<td>5,419,224</td>
<td>6,332,482</td>
<td>6,729,435</td>
<td>7,790,783</td>
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<tr>
<td><strong>Total General Fund</strong></td>
<td>13,812,482</td>
<td>13,703,616</td>
<td>16,230,870</td>
<td>16,875,571</td>
<td>17,519,338</td>
<td>17,492,141</td>
<td>19,655,895</td>
<td>21,218,665</td>
<td>22,119,325</td>
<td>23,893,709</td>
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<tr>
<td><strong>All Other Governmental Funds:</strong></td>
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<tr>
<td>Reserved</td>
<td>725,463</td>
<td>-</td>
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<tr>
<td>Unreserved, reported in:</td>
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<td></td>
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<td></td>
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<td></td>
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<tr>
<td>Special revenue funds</td>
<td>2,098,383</td>
<td>3,480,940</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Capital projects funds</td>
<td>38,582,206</td>
<td>37,522,912</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Debt service funds</td>
<td>1,252,169</td>
<td>4,051,357</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Nonspendable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>756,000</td>
<td>125,164</td>
<td>195,638</td>
<td>-</td>
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<tr>
<td>Restricted</td>
<td>-</td>
<td>-</td>
<td>5,475,544</td>
<td>7,520,420</td>
<td>5,553,767</td>
<td>5,937,290</td>
<td>6,603,366</td>
<td>7,531,670</td>
<td>8,001,534</td>
<td>10,076,003</td>
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<tr>
<td>Committed</td>
<td>-</td>
<td>-</td>
<td>9,451,939</td>
<td>8,115,749</td>
<td>9,089,669</td>
<td>11,960,779</td>
<td>13,049,962</td>
<td>14,552,450</td>
<td>20,618,774</td>
<td>24,464,977</td>
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<tr>
<td>Assigned</td>
<td>-</td>
<td>-</td>
<td>29,457,279</td>
<td>30,876,413</td>
<td>31,991,790</td>
<td>31,554,273</td>
<td>31,244,273</td>
<td>32,473,867</td>
<td>33,758,362</td>
<td>36,150,258</td>
</tr>
<tr>
<td>Unassigned</td>
<td>-</td>
<td>-</td>
<td>(679,189)</td>
<td>(1,910,345)</td>
<td>(3,073,099)</td>
<td>(2,551,669)</td>
<td>(6,944,033)</td>
<td>(786,168)</td>
<td>(2,029,545)</td>
<td>(2,215,407)</td>
</tr>
<tr>
<td><strong>Total All Other Governmental Funds</strong></td>
<td>42,658,221</td>
<td>45,055,209</td>
<td>43,705,573</td>
<td>45,358,237</td>
<td>43,562,127</td>
<td>47,025,837</td>
<td>44,149,206</td>
<td>53,771,819</td>
<td>60,349,125</td>
<td>68,475,831</td>
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<tr>
<td><strong>Total Governmental Funds</strong></td>
<td>$56,470,703</td>
<td>$58,758,825</td>
<td>$59,936,443</td>
<td>$62,233,808</td>
<td>$61,081,465</td>
<td>$64,517,978</td>
<td>$63,805,101</td>
<td>$74,990,484</td>
<td>$82,468,450</td>
<td>$92,369,540</td>
</tr>
</tbody>
</table>

Source: City of Minnetonka financial records  

Note: The City implemented GASB Statement 54 in 2011, resulting in significant reclassification of the components of fund balance. Years prior to 2011 have not been restated.
**CITY OF MINNETONKA**

**Hennepin County, Minnesota**

**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**

**Last Ten Fiscal Years**

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Property Taxes</strong></td>
<td>$30,088,341</td>
<td>$30,631,013</td>
<td>$30,731,107</td>
<td>$31,655,150</td>
<td>$31,305,971</td>
<td>$32,133,116</td>
<td>$34,012,530</td>
<td>$35,568,635</td>
<td>$37,269,654</td>
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</tr>
<tr>
<td><strong>Franchise Taxes</strong></td>
<td>1,477,059</td>
<td>1,488,334</td>
<td>1,521,278</td>
<td>1,599,464</td>
<td>1,684,671</td>
<td>1,715,787</td>
<td>1,728,394</td>
<td>1,772,851</td>
<td>1,811,774</td>
<td>1,752,185</td>
</tr>
<tr>
<td><strong>Tax In increments</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,362,579</td>
<td>2,450,931</td>
<td>2,486,080</td>
<td>2,689,708</td>
<td>3,426,105</td>
<td></td>
</tr>
<tr>
<td><strong>Licenses and Permits</strong></td>
<td>454,492</td>
<td>642,249</td>
<td>434,936</td>
<td>592,337</td>
<td>785,101</td>
<td>525,284</td>
<td>532,995</td>
<td>597,478</td>
<td>516,087</td>
<td>448,926</td>
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<tr>
<td><strong>Intergovernmental</strong></td>
<td>1,479,008</td>
<td>1,509,788</td>
<td>1,515,831</td>
<td>1,650,995</td>
<td>1,589,273</td>
<td>1,637,836</td>
<td>1,606,563</td>
<td>1,690,330</td>
<td>1,538,168</td>
<td>1,790,771</td>
</tr>
<tr>
<td><strong>Charges for Services</strong></td>
<td>4,077,426</td>
<td>2,828,175</td>
<td>15,144,889</td>
<td>2,354,216</td>
<td>3,817,715</td>
<td>8,364,633</td>
<td>2,730,231</td>
<td>5,908,576</td>
<td>2,536,945</td>
<td>9,787,815</td>
</tr>
<tr>
<td><strong>Fines and Forfeitures</strong></td>
<td>2,059,364</td>
<td>2,120,317</td>
<td>2,141,861</td>
<td>1,707,482</td>
<td>1,156,691</td>
<td>3,273,800</td>
<td>2,926,666</td>
<td>2,379,478</td>
<td>4,041,452</td>
<td>6,826,303</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENDITURES:</th>
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<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Development Services</strong></td>
<td>5,913,107</td>
<td>5,782,211</td>
<td>3,810,407</td>
<td>4,198,128</td>
<td>4,049,613</td>
<td>4,735,215</td>
<td>5,148,457</td>
<td>5,421,767</td>
<td>6,000,314</td>
<td>6,775,083</td>
</tr>
<tr>
<td><strong>Public Safety</strong></td>
<td>11,372,566</td>
<td>12,038,778</td>
<td>11,899,680</td>
<td>12,026,437</td>
<td>12,535,326</td>
<td>12,843,759</td>
<td>13,380,168</td>
<td>14,298,493</td>
<td>14,004,058</td>
<td></td>
</tr>
<tr>
<td><strong>Capital Outlay</strong></td>
<td>5,062,868</td>
<td>5,559,757</td>
<td>4,777,170</td>
<td>4,902,026</td>
<td>4,974,847</td>
<td>5,305,820</td>
<td>5,316,080</td>
<td>5,208,278</td>
<td>5,409,205</td>
<td>5,957,326</td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td>44,268,456</td>
<td>43,004,915</td>
<td>52,522,319</td>
<td>44,516,263</td>
<td>45,217,563</td>
<td>46,801,133</td>
<td>56,879,864</td>
<td>61,738,707</td>
<td>66,402,903</td>
<td></td>
</tr>
</tbody>
</table>

| Excess of Revenues Over (Under) Expenditures | (2,099,875) | (1,075,704) | 2,900,930  | (2,318,415) | 2,704,262  | 4,353,328  | 4,572,612  | 4,970,711  | 5,296,280  | 5,777,762  |

<table>
<thead>
<tr>
<th>OTHER FINANCING SOURCES (USES):</th>
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<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Proceeds</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
<td>(2,620,000)</td>
</tr>
<tr>
<td>Premium on Bonds Issued</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Transfers In</td>
<td>3,161,800</td>
<td>2,761,706</td>
<td>1,503,700</td>
<td>2,014,000</td>
<td>3,215,383</td>
<td>4,728,828</td>
<td>4,424,887</td>
<td>2,423,025</td>
<td>5,087,747</td>
<td>3,514,277</td>
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<tr>
<td>Transfers Out</td>
<td>(1,901,800)</td>
<td>(1,557,106)</td>
<td>(281,400)</td>
<td>(783,100)</td>
<td>(1,933,483)</td>
<td>(3,661,625)</td>
<td>(3,262,286)</td>
<td>(1,252,225)</td>
<td>(3,915,347)</td>
<td>(2,263,455)</td>
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<tr>
<td>Principal Payment on Refunded Bonds</td>
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<td>-</td>
<td>(3,080,000)</td>
<td>(2,715,000)</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds on Disposition of Capital Assets</td>
<td>131,546</td>
<td>134,388</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Other Financing Sources</td>
<td>1,391,546</td>
<td>3,912,621</td>
<td>23,323,129</td>
<td>14,473,567</td>
<td>13,281,579</td>
<td>17,024,591</td>
<td>18,764,534</td>
<td>11,146,965</td>
<td>9,917,232</td>
<td>19,477,245</td>
</tr>
</tbody>
</table>

| Net Change in Fund Balances   | (708,329)  | 2,836,917  | 1,177,618  | 1,352,365  | 1,152,343  | 3,694,971  | (712,877)  | 11,185,383 | 7,477,966  | 9,901,090  |

| Debt Service as a Percentage of Noncapital Expenditures | 3.1% | 3.9% | 2.1% | 3.3% | 3.4% | 2.7% | 2.7% | 3.2% | 2.9% | 3.3% |

Source: City of Minnetonka financial records
## CITY OF MINNETONKA
Hennepin County, Minnesota

### TAX CAPACITY AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Residential Property</th>
<th>Commercial Industrial Property</th>
<th>Other Property</th>
<th>Less: Tax Increment Property</th>
<th>Less: Net Fiscal Disparities</th>
<th>Net Taxable Tax Capacity</th>
<th>Total Direct Tax Rate</th>
<th>Estimated Taxable Market Value</th>
<th>Taxable Tax Capacity as a Percentage of Estimated Market Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>67,304,037</td>
<td>34,937,234</td>
<td>621,716</td>
<td>1,720,058</td>
<td>8,387,874</td>
<td>92,755,055</td>
<td>27.567%</td>
<td>8,585,903,400</td>
<td>1.08%</td>
</tr>
<tr>
<td>2010</td>
<td>67,387,621</td>
<td>34,853,650</td>
<td>612,053</td>
<td>1,691,878</td>
<td>8,923,870</td>
<td>92,237,576</td>
<td>30.887%</td>
<td>8,275,660,200</td>
<td>1.11%</td>
</tr>
<tr>
<td>2011</td>
<td>62,980,807</td>
<td>34,416,696</td>
<td>644,196</td>
<td>1,649,966</td>
<td>9,113,094</td>
<td>87,278,639</td>
<td>33.705%</td>
<td>7,846,377,400</td>
<td>1.11%</td>
</tr>
<tr>
<td>2012</td>
<td>60,535,861</td>
<td>33,240,685</td>
<td>669,280</td>
<td>1,657,138</td>
<td>9,503,039</td>
<td>83,285,649</td>
<td>35.595%</td>
<td>7,709,987,200</td>
<td>1.08%</td>
</tr>
<tr>
<td>2013</td>
<td>56,941,172</td>
<td>34,805,369</td>
<td>767,166</td>
<td>1,839,866</td>
<td>9,625,039</td>
<td>81,048,802</td>
<td>37.213%</td>
<td>7,524,678,300</td>
<td>1.08%</td>
</tr>
<tr>
<td>2014</td>
<td>58,877,909</td>
<td>32,469,923</td>
<td>775,348</td>
<td>1,895,625</td>
<td>9,146,127</td>
<td>81,081,428</td>
<td>37.651%</td>
<td>7,539,383,700</td>
<td>1.08%</td>
</tr>
<tr>
<td>2015</td>
<td>62,778,666</td>
<td>34,813,987</td>
<td>811,925</td>
<td>2,026,014</td>
<td>9,717,859</td>
<td>86,660,705</td>
<td>36.565%</td>
<td>7,796,498,758</td>
<td>1.11%</td>
</tr>
<tr>
<td>2016</td>
<td>66,167,466</td>
<td>37,366,035</td>
<td>837,902</td>
<td>2,156,775</td>
<td>9,744,736</td>
<td>92,469,892</td>
<td>35.674%</td>
<td>8,271,102,488</td>
<td>1.12%</td>
</tr>
<tr>
<td>2017</td>
<td>69,542,646</td>
<td>37,054,544</td>
<td>901,339</td>
<td>2,407,233</td>
<td>10,748,890</td>
<td>94,342,406</td>
<td>36.378%</td>
<td>8,549,418,319</td>
<td>1.10%</td>
</tr>
<tr>
<td>2018</td>
<td>75,536,028</td>
<td>35,729,606</td>
<td>970,845</td>
<td>3,006,273</td>
<td>9,800,882</td>
<td>99,429,324</td>
<td>35.710%</td>
<td>8,965,391,893</td>
<td>1.11%</td>
</tr>
</tbody>
</table>

Source: City of Minnetonka financial records
PROPERTY TAX RATES PER $10,000 OF TAX CAPACITY -
ALL DIRECT AND OVERLAPPING GOVERNMENTAL UNITS
Years 2009 Through 2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Collectible</th>
<th>City Direct Rate</th>
<th>Debt</th>
<th>Operating</th>
<th>Service</th>
<th>Total</th>
<th>Hopkins School District No. 270</th>
<th>Minnetonka School District No. 276</th>
<th>Wayzata School District No. 284</th>
<th>Hennepin County</th>
<th>Misc. *</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>27.553</td>
<td>0.014</td>
<td>27.567</td>
<td>19.218</td>
<td>17.980</td>
<td>19.668</td>
<td>38.571</td>
<td>8.546</td>
<td>93.902</td>
<td>92.664</td>
<td>94.352</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>30.873</td>
<td>0.014</td>
<td>30.887</td>
<td>23.050</td>
<td>18.657</td>
<td>23.311</td>
<td>42.668</td>
<td>9.431</td>
<td>106.008</td>
<td>101.615</td>
<td>106.269</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>33.691</td>
<td>0.014</td>
<td>33.705</td>
<td>26.456</td>
<td>21.274</td>
<td>24.034</td>
<td>45.840</td>
<td>10.489</td>
<td>116.490</td>
<td>111.308</td>
<td>114.068</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>35.581</td>
<td>0.014</td>
<td>35.595</td>
<td>29.270</td>
<td>23.015</td>
<td>25.325</td>
<td>48.231</td>
<td>10.911</td>
<td>124.007</td>
<td>117.752</td>
<td>120.062</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>37.199</td>
<td>0.014</td>
<td>37.213</td>
<td>29.730</td>
<td>24.487</td>
<td>25.236</td>
<td>49.461</td>
<td>11.483</td>
<td>127.887</td>
<td>122.644</td>
<td>123.393</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>37.637</td>
<td>0.014</td>
<td>37.651</td>
<td>32.358</td>
<td>24.374</td>
<td>24.571</td>
<td>49.959</td>
<td>10.797</td>
<td>130.765</td>
<td>122.781</td>
<td>122.978</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>35.695</td>
<td>0.015</td>
<td>35.710</td>
<td>29.035</td>
<td>23.133</td>
<td>25.464</td>
<td>42.808</td>
<td>9.849</td>
<td>117.402</td>
<td>111.500</td>
<td>113.831</td>
<td></td>
</tr>
</tbody>
</table>

* - Includes Metropolitan Mosquito Control, Metropolitan Council, Metropolitan Transit Debt, Park Museum, Hennepin Parks, Hennepin HRA, Hennepin County Regional Railroad Authority, Watershed Districts, Minnetonka HRA.

Source: Hennepin County Taxpayer Services Department
<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Type of Business</th>
<th>Tax Capacity Value</th>
<th>Rank</th>
<th>Percentage of Total Tax Capacity Value</th>
<th>Tax Capacity Value</th>
<th>Rank</th>
<th>Percentage of Total Tax Capacity Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Health Group</td>
<td>Office Center</td>
<td>$2,750,980</td>
<td>1</td>
<td>2.77%</td>
<td>$1,739,250</td>
<td>4</td>
<td>1.88%</td>
</tr>
<tr>
<td>General Growth (Ridgedale)</td>
<td>Regional Shopping Center</td>
<td>2,119,250</td>
<td>2</td>
<td>2.13%</td>
<td>2,299,250</td>
<td>1</td>
<td>2.48%</td>
</tr>
<tr>
<td>Medica Health Plans</td>
<td>Commercial</td>
<td>1,388,930</td>
<td>3</td>
<td>1.40%</td>
<td>635,500</td>
<td>9</td>
<td>0.69%</td>
</tr>
<tr>
<td>KBS REIT II</td>
<td>Office Center</td>
<td>1,219,250</td>
<td>4</td>
<td>1.23%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Carlson Companies</td>
<td>Office Center</td>
<td>979,250</td>
<td>5</td>
<td>0.98%</td>
<td>2,104,566</td>
<td>2</td>
<td>2.27%</td>
</tr>
<tr>
<td>RREEF America REIT II Corp</td>
<td>Apartments</td>
<td>900,963</td>
<td>6</td>
<td>0.91%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wells Operating Partnership</td>
<td>Office Center</td>
<td>876,130</td>
<td>7</td>
<td>0.88%</td>
<td>879,325</td>
<td>6</td>
<td>0.95%</td>
</tr>
<tr>
<td>Property Reserve, Inc.</td>
<td>Office Center</td>
<td>848,810</td>
<td>8</td>
<td>0.85%</td>
<td>799,250</td>
<td>7</td>
<td>0.86%</td>
</tr>
<tr>
<td>CSM West Ridge, inc.</td>
<td>Shopping Center</td>
<td>771,822</td>
<td>9</td>
<td>0.78%</td>
<td>932,180</td>
<td>5</td>
<td>1.00%</td>
</tr>
<tr>
<td>Cargill, Inc.</td>
<td>Office Center</td>
<td>673,190</td>
<td>10</td>
<td>0.68%</td>
<td>977,131</td>
<td>3</td>
<td>1.05%</td>
</tr>
<tr>
<td>Target Corporation</td>
<td>Retail</td>
<td></td>
<td></td>
<td></td>
<td>682,500</td>
<td>10</td>
<td>0.74%</td>
</tr>
<tr>
<td>Teachers Insurance</td>
<td>Office Center</td>
<td></td>
<td></td>
<td></td>
<td>839,250</td>
<td>8</td>
<td>0.90%</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$12,528,575</strong></td>
<td></td>
<td><strong>$11,888,202</strong></td>
<td></td>
<td></td>
<td><strong>12.60%</strong></td>
</tr>
</tbody>
</table>

Source: City of Minnetonka Assessor's Office
## CITY OF MINNETONKA
### Hennepin County, Minnesota

### PROPERTY TAX LEVIES AND COLLECTIONS
#### Last Ten Fiscal Years

<table>
<thead>
<tr>
<th>Year Collected</th>
<th>Taxes Levied for the Fiscal Year</th>
<th>Collection within the Fiscal Year of the Levy</th>
<th>Additions/ (Abatements)</th>
<th>Collections in Subsequent Years</th>
<th>Total Collections to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 *</td>
<td>28,344,019</td>
<td>28,121,687 (99.22%)</td>
<td>(10,456)</td>
<td>161,378</td>
<td>28,272,609 (99.75%)</td>
</tr>
<tr>
<td>2010 *</td>
<td>29,060,560</td>
<td>28,749,479 (98.93%)</td>
<td>(53,518)</td>
<td>53,145</td>
<td>28,749,106 (98.93%)</td>
</tr>
<tr>
<td>2011</td>
<td>29,894,854</td>
<td>29,507,710 (98.70%)</td>
<td>(438,683)</td>
<td>96,590</td>
<td>29,165,617 (97.56%)</td>
</tr>
<tr>
<td>2012</td>
<td>30,725,399</td>
<td>30,340,731 (98.75%)</td>
<td>(803,243)</td>
<td>27,121</td>
<td>29,564,609 (96.22%)</td>
</tr>
<tr>
<td>2013</td>
<td>31,193,800</td>
<td>30,911,217 (99.09%)</td>
<td>(1,101,325)</td>
<td>(1,762)</td>
<td>29,808,130 (95.56%)</td>
</tr>
<tr>
<td>2014</td>
<td>32,053,598</td>
<td>31,698,445 (98.89%)</td>
<td>(778,423)</td>
<td>34,387</td>
<td>30,954,409 (96.57%)</td>
</tr>
<tr>
<td>2015</td>
<td>32,987,035</td>
<td>32,644,959 (98.96%)</td>
<td>(642,871)</td>
<td>55,242</td>
<td>32,057,330 (97.18%)</td>
</tr>
<tr>
<td>2016</td>
<td>34,289,440</td>
<td>33,836,412 (98.68%)</td>
<td>(705,749)</td>
<td>37,831</td>
<td>33,168,494 (96.73%)</td>
</tr>
<tr>
<td>2017</td>
<td>35,832,802</td>
<td>35,425,426 (98.86%)</td>
<td>(832,025)</td>
<td>28,801</td>
<td>34,622,202 (96.62%)</td>
</tr>
<tr>
<td>2018</td>
<td>37,212,950</td>
<td>36,851,292 (99.03%)</td>
<td>(201,411)</td>
<td>-</td>
<td>36,649,881 (98.49%)</td>
</tr>
</tbody>
</table>

Source: Hennepin County Tax Settlement Reports

* Certified Levy less Market Value Credit Unallotment.
### CITY OF MINNETONKA
**Hennepin County, Minnesota**

#### RATIOS OF OUTSTANDING DEBT BY TYPE
**Last Ten Fiscal Years**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Governmental Activities</th>
<th>Business-type Activities</th>
<th>Total Obligation</th>
<th>General Obligation as a Percentage of Personal Income</th>
<th>Total Debt as a Percentage of Personal Income</th>
<th>General Obligation Debt Per Capita</th>
<th>Total Debt Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12,089,843</td>
<td>7,769,636</td>
<td>19,859,479</td>
<td>0.27%</td>
<td>0.68%</td>
<td>151</td>
<td>386</td>
</tr>
<tr>
<td>2010</td>
<td>13,867,111</td>
<td>6,907,504</td>
<td>20,774,615</td>
<td>0.24%</td>
<td>0.72%</td>
<td>139</td>
<td>418</td>
</tr>
<tr>
<td>2011</td>
<td>10,188,099</td>
<td>6,015,372</td>
<td>16,203,471</td>
<td>0.21%</td>
<td>0.56%</td>
<td>120</td>
<td>324</td>
</tr>
<tr>
<td>2012</td>
<td>9,359,110</td>
<td>5,201,632</td>
<td>14,560,742</td>
<td>0.32%</td>
<td>0.50%</td>
<td>103</td>
<td>287</td>
</tr>
<tr>
<td>2013</td>
<td>8,160,741</td>
<td>4,250,278</td>
<td>12,411,019</td>
<td>0.27%</td>
<td>0.41%</td>
<td>84</td>
<td>244</td>
</tr>
<tr>
<td>2014</td>
<td>7,162,372</td>
<td>3,273,923</td>
<td>10,436,295</td>
<td>0.28%</td>
<td>0.41%</td>
<td>64</td>
<td>204</td>
</tr>
<tr>
<td>2015</td>
<td>6,154,003</td>
<td>12,232,568</td>
<td>18,386,571</td>
<td>0.23%</td>
<td>0.69%</td>
<td>237</td>
<td>356</td>
</tr>
<tr>
<td>2016</td>
<td>7,669,627</td>
<td>19,145,229</td>
<td>26,814,856</td>
<td>0.27%</td>
<td>0.94%</td>
<td>363</td>
<td>508</td>
</tr>
<tr>
<td>2017</td>
<td>6,597,892</td>
<td>18,836,958</td>
<td>25,434,850</td>
<td>0.23%</td>
<td>0.89%</td>
<td>352.79</td>
<td>476</td>
</tr>
<tr>
<td>2018</td>
<td>5,307,544</td>
<td>28,253,673</td>
<td>33,561,217</td>
<td>0.18%</td>
<td>1.14%</td>
<td>526.01</td>
<td>625</td>
</tr>
</tbody>
</table>

Source: City of Minnetonka financial records
<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gross Bonded Debt</th>
<th>Less Amounts Available in Debt Service Funds</th>
<th>Total</th>
<th>General Percentage of Total Estimated Taxable Market Value of Property (1)</th>
<th>Total Debt as a Percentage Per Capita (2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>12,089,843</td>
<td>1,252,169</td>
<td>10,837,674</td>
<td>0.13%</td>
<td>211</td>
</tr>
<tr>
<td>2010</td>
<td>13,867,111</td>
<td>4,051,357</td>
<td>9,815,754</td>
<td>0.12%</td>
<td>197</td>
</tr>
<tr>
<td>2011</td>
<td>10,188,099</td>
<td>1,301,371</td>
<td>8,886,728</td>
<td>0.11%</td>
<td>178</td>
</tr>
<tr>
<td>2012</td>
<td>9,359,110</td>
<td>3,890,389</td>
<td>5,468,721</td>
<td>0.07%</td>
<td>108</td>
</tr>
<tr>
<td>2013</td>
<td>8,160,741</td>
<td>1,150,271</td>
<td>7,010,470</td>
<td>0.09%</td>
<td>138</td>
</tr>
<tr>
<td>2014</td>
<td>7,162,372</td>
<td>1,209,111</td>
<td>5,953,261</td>
<td>0.08%</td>
<td>116</td>
</tr>
<tr>
<td>2015</td>
<td>6,154,003</td>
<td>1,281,887</td>
<td>4,872,116</td>
<td>0.06%</td>
<td>94</td>
</tr>
<tr>
<td>2016</td>
<td>7,669,627</td>
<td>1,345,268</td>
<td>6,324,359</td>
<td>0.08%</td>
<td>120</td>
</tr>
<tr>
<td>2017</td>
<td>6,597,892</td>
<td>1,672,330</td>
<td>4,925,562</td>
<td>0.06%</td>
<td>92</td>
</tr>
<tr>
<td>2018</td>
<td>5,307,544</td>
<td>1,828,672</td>
<td>3,478,872</td>
<td>0.04%</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: City of Minnetonka financial records

(1) Market Value can be found in the schedule of tax capacity and estimated actual value of taxable property

(2) Population data can be found in the schedule of demographic and economic statistics
### Direct and Overlapping Governmental Activities Debt

**December 31, 2018**

<table>
<thead>
<tr>
<th>Governmental Units</th>
<th>Net Debt Outstanding</th>
<th>Estimated Percentage Applicable</th>
<th>Estimated Share of Direct and Overlapping Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct Debt:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Minnetonka</td>
<td>$5,307,544</td>
<td>100.00%</td>
<td>$5,307,544</td>
</tr>
<tr>
<td><strong>Overlapping Debt:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>School Districts:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>I.S.D. 270 - Hopkins</td>
<td>178,684,351</td>
<td>45.06%</td>
<td>80,515,169</td>
</tr>
<tr>
<td>I.S.D. 276 - Minnetonka</td>
<td>102,587,953</td>
<td>24.87%</td>
<td>25,513,624</td>
</tr>
<tr>
<td>I.S.D. 283 - St. Louis Park</td>
<td>120,593,922</td>
<td>0.01%</td>
<td>12,059</td>
</tr>
<tr>
<td>I.S.D. 284 - Wayzata</td>
<td>209,336,194</td>
<td>15.57%</td>
<td>32,593,645</td>
</tr>
<tr>
<td>Hennepin County</td>
<td>1,056,890,798</td>
<td>6.03%</td>
<td>63,730,515</td>
</tr>
<tr>
<td>Hennepin County Parks</td>
<td>43,575,708</td>
<td>8.42%</td>
<td>3,669,075</td>
</tr>
<tr>
<td>Hennepin County RR Authority</td>
<td>24,600,380</td>
<td>8.42%</td>
<td>2,071,352</td>
</tr>
<tr>
<td><strong>Regional:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metropolitan Council</td>
<td>75,902,689</td>
<td>2.86%</td>
<td>2,170,817</td>
</tr>
<tr>
<td><strong>Total Overlapping Debt</strong></td>
<td></td>
<td></td>
<td>210,276,256</td>
</tr>
<tr>
<td><strong>Total Direct and Overlapping Debt</strong></td>
<td></td>
<td></td>
<td>215,583,800</td>
</tr>
</tbody>
</table>

Source: Hennepin County Taxpayer Services Department

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Minnetonka. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Minnetonka. This process recognizes that, when considering the City of Minnetonka's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each government.

(1) The percentage of overlapping debt is estimated using tax capacity. Applicable percentages were estimated by determining the portion of Hennepin County's tax capacity that is within the City of Minnetonka's boundaries and dividing it by Hennepin County's total tax capacity.
### CITY OF MINNETONKA
Hennepin County, Minnesota

#### LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Value (Taxable)</strong></td>
<td>$8,231,108,300</td>
<td>$8,275,660,200</td>
<td>$7,831,970,800</td>
<td>$7,489,072,211</td>
<td>$7,295,340,723</td>
<td>$7,311,630,277</td>
<td>$7,796,498,758</td>
<td>$8,271,102,488</td>
<td>$8,549,418,319</td>
<td>$8,965,391,893</td>
</tr>
<tr>
<td>* Debt Limit 3% of Market Value (Note A)</td>
<td>246,933,249</td>
<td>248,269,806</td>
<td>234,959,124</td>
<td>224,672,166</td>
<td>218,860,222</td>
<td>219,348,908</td>
<td>233,894,963</td>
<td>248,133,075</td>
<td>256,482,550</td>
<td>268,961,757</td>
</tr>
<tr>
<td><strong>Amount of Debt Applicable to Debt Limit:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Obligation Bonds</td>
<td>12,070,000</td>
<td>13,760,000</td>
<td>10,075,000</td>
<td>9,160,000</td>
<td>7,990,000</td>
<td>7,020,000</td>
<td>6,040,000</td>
<td>7,475,000</td>
<td>6,445,000</td>
<td>5,185,000</td>
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<tr>
<td>Available in Debt Service Funds</td>
<td>(1,252,169)</td>
<td>(4,051,357)</td>
<td>(1,301,371)</td>
<td>(3,890,389)</td>
<td>(1,150,271)</td>
<td>(1,209,111)</td>
<td>(1,281,887)</td>
<td>(1,345,268)</td>
<td>(1,672,330)</td>
<td>(1,828,672)</td>
</tr>
<tr>
<td><strong>Total Debt Applicable to Debt Limit</strong></td>
<td>10,817,831</td>
<td>9,708,643</td>
<td>8,773,629</td>
<td>5,269,611</td>
<td>6,839,729</td>
<td>5,810,889</td>
<td>4,758,113</td>
<td>6,129,732</td>
<td>4,772,670</td>
<td>3,356,328</td>
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<tr>
<td><strong>Legal Debt Margin</strong></td>
<td>$153,804,335</td>
<td>$155,804,561</td>
<td>$226,185,495</td>
<td>$219,402,555</td>
<td>$212,020,493</td>
<td>$213,538,019</td>
<td>$229,136,850</td>
<td>$242,003,343</td>
<td>$251,709,880</td>
<td>$265,605,429</td>
</tr>
</tbody>
</table>

**Total net debt applicable to the limit as a percentage of debt limit**

|          | 6.57% | 5.87% | 3.73% | 2.35% | 3.13% | 2.65% | 2.03% | 2.47% | 1.86% | 1.25% |

* The debt limit went from 2% to 3% in 2008, therefore from 2008 and forward, the debt limit is calculated at 3% instead of 2%.

**NOTE (A):**
M.S.A. Section 475.53 (Limit on Net Debt)
Subdivision 1. Generally, except of otherwise provided in Sections 475.51 to 475.75, no municipality, except a school district or a city of the first class, shall incur or be subject to a net debt in excess of two percent of the market value of taxable property in the municipality.

**NOTE (B):**
M.S.A. Section 475.51 Definitions: Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrants or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income of revenue-producing conveniences.
4. Obligations issued to create or maintain a permanent improvement revolving fund.
5. Obligations issued for the acquisition, and betterment of public waterworks systems, and public lighting, heating or power systems and on any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Amount of all money and the face value of all securities held as a sinking fund for the extinguishment of obligations other than those deductible under this subdivision.

M.S.A. Section 469.178, subdivision 1. "Tax increment bonds." The bonds are not included for purposes of computing the net debt of any municipality.

Source: City of Minnetonka financial records
### Utility Le ss: Net Fiscal Service Operating Available Year Charges Expenses Revenue Principal Interest Coverage

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Utility Service Charges</th>
<th>Less: Operating Expenses</th>
<th>Net Available Revenue</th>
<th>Debt Service</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>2009</td>
<td>10,513,551</td>
<td>9,042,034</td>
<td>1,471,517</td>
<td>775,000</td>
<td>282,485</td>
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<tr>
<td>2010</td>
<td>11,308,402</td>
<td>8,954,086</td>
<td>2,354,316</td>
<td>840,000</td>
<td>246,226</td>
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<td>2011</td>
<td>11,030,795</td>
<td>9,547,062</td>
<td>1,483,733</td>
<td>870,000</td>
<td>212,468</td>
</tr>
<tr>
<td>2012</td>
<td>12,613,585</td>
<td>10,001,598</td>
<td>2,611,987</td>
<td>870,000</td>
<td>140,527</td>
</tr>
<tr>
<td>2013</td>
<td>11,347,952</td>
<td>8,940,150</td>
<td>2,407,802</td>
<td>2,835,000*</td>
<td>105,712</td>
</tr>
<tr>
<td>2014</td>
<td>11,477,857</td>
<td>9,839,913</td>
<td>1,637,944</td>
<td>945,000</td>
<td>64,274</td>
</tr>
<tr>
<td>2015</td>
<td>14,394,358</td>
<td>10,675,704</td>
<td>3,718,654</td>
<td>1,010,000</td>
<td>28,883</td>
</tr>
<tr>
<td>2016</td>
<td>14,137,665</td>
<td>9,150,361</td>
<td>4,987,304</td>
<td>11,060,000</td>
<td>164,698</td>
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<tr>
<td>2017</td>
<td>17,165,306</td>
<td>10,381,786</td>
<td>6,783,520</td>
<td>275,000</td>
<td>124,348</td>
</tr>
<tr>
<td>2018</td>
<td>17,196,532</td>
<td>9,881,580</td>
<td>7,314,952</td>
<td>875,000</td>
<td>320,517</td>
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</table>

Note: Operating expenses do not include depreciation.

* This amount includes $1,940,000 retired by the GO Water Revenue Refunding Bonds, Series 2012A. Normal debt service for the current year would have been $895,000 for a coverage percentage of 2.41.

Source: City of Minnetonka financial records
CITY OF MINNETONKA  
Hennepin County, Minnesota  

DEMOGRAPHIC AND ECONOMIC STATISTICS  
Last Ten Calendar Years

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>(1) Population</th>
<th>(2) School Enrollment</th>
<th>(3) Unemployment Rate</th>
<th>(4) Per Capita Income</th>
<th>Total Personal Income</th>
<th>(1) Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>51,451</td>
<td>26,174</td>
<td>5.8%</td>
<td>56,564</td>
<td>2,910,274,364</td>
<td>47,329</td>
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<tr>
<td>2010</td>
<td>49,734</td>
<td>26,445</td>
<td>5.8%</td>
<td>57,841</td>
<td>2,876,652,888</td>
<td>46,176</td>
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<tr>
<td>2011</td>
<td>50,046</td>
<td>26,736</td>
<td>4.5%</td>
<td>58,210</td>
<td>2,913,156,997</td>
<td>48,690</td>
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<tr>
<td>2012</td>
<td>50,747</td>
<td>26,745</td>
<td>4.5%</td>
<td>57,952</td>
<td>2,940,890,144</td>
<td>45,105</td>
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<tr>
<td>2013</td>
<td>50,841</td>
<td>27,845</td>
<td>3.8%</td>
<td>59,126</td>
<td>3,006,024,966</td>
<td>47,191</td>
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<tr>
<td>2014</td>
<td>51,144</td>
<td>28,067</td>
<td>3.3%</td>
<td>50,317</td>
<td>2,573,412,648</td>
<td>46,842</td>
</tr>
<tr>
<td>2015</td>
<td>51,647</td>
<td>28,184</td>
<td>2.9%</td>
<td>51,498</td>
<td>2,659,717,206</td>
<td>46,280</td>
</tr>
<tr>
<td>2016</td>
<td>52,741</td>
<td>28,669</td>
<td>3.3%</td>
<td>53,849</td>
<td>2,840,050,109</td>
<td>45,083</td>
</tr>
<tr>
<td>2017</td>
<td>53,394</td>
<td>29,354</td>
<td>2.6%</td>
<td>53,467</td>
<td>2,854,816,998</td>
<td>46,179</td>
</tr>
<tr>
<td>2018</td>
<td>53,713</td>
<td>29,646</td>
<td>2.3%</td>
<td>54,790</td>
<td>2,942,935,270</td>
<td>49,366</td>
</tr>
</tbody>
</table>

Sources:

(1) 2010 is a regular decennial census figure. All other years are best available estimates provided by the Metropolitan Council.

(2) School enrollment is the total number of students in schools located in Minnetonka for Independent School District No. 270 (Hopkins), 276 (Minnetonka), and 284 (Wayzata), each of which serves a portion of the City as well as other communities. Enrollment numbers obtained from the Minnesota Department of Education.

(3) Unemployment rates were compiled by the Minnesota Department of Economic Security, Research and Statistics Department, for Hennepin County.

(4) 2010 is a regular decennial census figure. All other years are best available estimates provided by the Minnesota State Demographic Center.
## CITY OF MINNETONKA
Hennepin County, Minnesota

### PRINCIPAL EMPLOYERS
Prior Year and Nine Years Ago

<table>
<thead>
<tr>
<th>Taxpayer</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of Total City Employment</th>
<th>Employees</th>
<th>Rank</th>
<th>Percentage of Total City Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Health Group</td>
<td>4,400</td>
<td>1</td>
<td>8.91%</td>
<td>1,150</td>
<td>5</td>
<td>2.43%</td>
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<td>Cargill, Inc.</td>
<td>3,400</td>
<td>2</td>
<td>6.89%</td>
<td>3,400</td>
<td>1</td>
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<td>Independent School District (No. 276)</td>
<td>1,700</td>
<td>3</td>
<td>3.44%</td>
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<tr>
<td>Rosemount Engineering</td>
<td>1,600</td>
<td>4</td>
<td>3.24%</td>
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</tr>
<tr>
<td>Medica Health Plans</td>
<td>1,300</td>
<td>5</td>
<td>2.63%</td>
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<td></td>
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<tr>
<td>Starkey Laboratories</td>
<td>1,300</td>
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<td>2.63%</td>
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<tr>
<td>St Jude Medical/Abbott</td>
<td>1,300</td>
<td>7</td>
<td>2.63%</td>
<td>1,300</td>
<td>3</td>
<td>2.75%</td>
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<td>Super Value Stores, Inc.</td>
<td>1,265</td>
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<tr>
<td>MTS Systems Corporation</td>
<td>846</td>
<td>9</td>
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<tr>
<td>Carlson Companies</td>
<td>500</td>
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<td>1.01%</td>
<td>3,100</td>
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<tr>
<td>Allina Health System</td>
<td>1,200</td>
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<td>DataCard Corp</td>
<td>1,000</td>
<td>6</td>
<td>2.11%</td>
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<td>Advantek Inc.</td>
<td>600</td>
<td>7</td>
<td>1.27%</td>
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<td>GE Osmonics, Inc.</td>
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<td>8</td>
<td>1.10%</td>
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<tr>
<td>American Medical Systems</td>
<td>500</td>
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<td>1.06%</td>
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<tr>
<td>Opportunity Partners</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>17,611</strong></td>
<td></td>
<td><strong>35.67%</strong></td>
<td><strong>13,270</strong></td>
<td></td>
<td><strong>28.04%</strong></td>
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</table>

Source: City of Minnetonka Community Development Department
<table>
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<tr>
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<tbody>
<tr>
<td><strong>General Government:</strong></td>
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<td>Mayor and City Council</td>
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<td><strong>Storm Water:</strong></td>
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<td>321.47</td>
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<td>321.04</td>
<td>326.82</td>
<td>331.52</td>
<td>333.77</td>
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Source: City of Minnetonka financial records
## OPERATING INDICATORS BY FUNCTION/PROGRAM
### Last Ten Fiscal Years

### Public Safety:
#### Police:
- **Calls for service**: 44,305  47,120  45,198  42,883  45,139  42,644  43,651  38,321  41,100  42,500
- **Criminal offenses**: 2,372  3,384  2,416  2,256  2,269  2,150  2,392  1,946  2,115  2,204

#### Fire:
- **Number of calls**: 768  792  790  750  996  750  1,036  1,213  1,233  1,250

#### Legal:
- **Cases opened and processed by staff**: 959  828  883  863  895  700  594  768  750  750

### Environmental Health:
- **Number of licensed establishments**: 721  730  716  711  720  735  720  750  760  750
- **Number of nuisance complaints**: 602  550  462  648  512  500  545  609  750  580

### Development Services:
#### Engineering:
- **Number of construction projects underway**: 17  14  11  13  12  14  9  3  7  7
- **Number of construction projects completed**: 11  13  12  11  10  11  5  5  6  5

#### Community Development:
- **Permits issued**: 5,431  6,250  6,757  6,301  6,761  6,800  7,924  7,800  7,250  7,150
- **Number of planning applications received**: 110  149  125  148  135  120  116  133  90  95
- **Number of building permits reviewed**: 1,304  1,582  1,700  1,590  1,688  1,700  1,007  1,853  1,200  1,500

### Public Works:
#### Street Maintenance:
- **Miles of city maintained**: 254.9  254.9  254.9  254.9  254.9  254.9  254.9  254.9  254.9  256.9

#### Street Improvement:
- **Miles of street rehabilitated**: 4.5  1.9  4.6  4.9  4.5  4.5  4.0  5.2  2.0  1.6
- **Average pavement condition index**: 78  78  81  82  82  82  83  83  83  81

### Park & Recreation:
#### Joint Recreation:
- **Number of program participants**: 37,492  34,493  33,484  40,866  41,783  39,300  37,100  41,444  42,000  42,500

#### Senior Services:
- **Number of program participants**: 4,147  4,004  10,381  12,881  14,305  14,500  28,513  16,861  17,100  17,100
### OPERATING INDICATORS BY FUNCTION/PROGRAM

**Last Ten Fiscal Years**

(Continued)

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<td>Active</td>
<td>283.9</td>
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<td>1,215</td>
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<td><strong>Water pumped</strong></td>
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<td><strong>Ice Arena:</strong></td>
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<td><strong>Ice rental</strong></td>
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<td><strong>Gray's Bay:</strong></td>
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<td><strong>Number of storm</strong></td>
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<td>7</td>
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Source: Various city departments
### Public Safety:

#### Police:

- **Stations**: 2, 2, 2, 2, 2, 2, 2, 2, 2, 2
- **Number of police officers**: 57, 57, 57, 57, 57, 57, 57, 58, 58, 58

#### Fire Stations

- **Number of fire stations**: 5, 5, 5, 5, 5, 5, 5, 5, 5, 5

### Public Works:

#### Streets (miles)

- **Streets**: 255, 255, 255, 255, 255, 255, 255, 255, 255, 255

#### Streetlights

- **Total streetlights**: 1,670, 1,670, 1,670, 1,670, 1,670, 1,670, 1,670, 1,670, 1,670, 1,907

### Parks and Recreation:

#### Parks acreage

- **Parks acreage**: 1,056, 1,056, 1,056, 1,056, 1,057, 1,057, 1,057, 1,057, 1,057, 1,267

#### Parks

- **Number of parks**: 50, 50, 50, 50, 50, 50, 50, 50, 50, 50

### Water and Sewer Utilities:

#### Water mains (miles)

- **Total water mains**: 308, 308, 308, 308, 308, 308, 308, 308, 308, 308

#### Fire hydrants

- **Total fire hydrants**: 2,577, 2,577, 2,577, 2,577, 2,577, 2,577, 2,577, 2,577, 2,577, 2,853

#### Water plant daily capacity

- **Total water plant daily capacity**: 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000, 18,400,000

#### Storage capacity (gallons)

- **Total storage capacity**: 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000, 12,900,000

#### Sanitary sewers (miles)

- **Total sanitary sewers**: 256, 256, 256, 256, 256, 256, 256, 256, 256, 278

### Storm Water

#### Storm sewers (miles)

- **Total storm sewers**: 88, 88, 88, 88, 88, 88, 88, 88, 88, 88

Source: Various city departments
City of Minnetonka
Proclamation
Monarch and Pollinator Awareness Month
July 2019

WHEREAS, more than eighty-five percent of flowering plants on Earth, including wild and cultivated species, require the assistance of animal pollinators in order to produce seeds; and

WHEREAS, globally, pollinators are in decline due to pressures including habitat loss, climate change, and increased use of chemicals; and

WHEREAS, the monarch butterfly is an iconic North American pollinator whose population has been reduced by more than 80 percent in the past 20 years; and

WHEREAS, the United States Department of Agriculture and the U.S. Fish and Wildlife Service have declared the monarch to be a priority species for conservation because healthy monarch habitat benefits a wide variety of other species; and

WHEREAS, individuals and communities can help to save the monarch butterfly and other pollinators by planting native host and nectar plants and taking other steps to provide healthy habitat in back yards and open spaces.

NOW THEREFORE BE IT RESOLVED that the Minnetonka City Council hereby proclaims the month of July as "Monarch and Pollinator Awareness Month" in the city of Minnetonka.

__________________________  _________________________
Brad Wiersum, Mayor  June 24, 2019
City Council Agenda Item #10A  
Meeting of June 24, 2019

**Brief Description**

Preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road

**Recommendation**

Adopt the resolution approving the preliminary and final plats

**Background**

In 2004, the city reviewed HEDLUND SHADY ACRES subdivision. As proposed, the subdivision would create two, single-family lots. During review of the proposal, staff noted the possibility of a future subdivision not only of the then subject property but also of the property immediately to the northwest. To appropriately plan for this subdivision, the city required that one-half of a public right-of-way be dedicated as part of the HEDLUND SHADY ACRES final plat. In 2014, the city approved the KOCH HILL ESTATES subdivision to the northwest. The remainder of the right-of-way was dedicated with that plat and a public roadway, Orchard Way, was constructed.

**Proposal**

Property owners Molly and Ryan Rutzick are now proposing to divide the subject property – Lot 1, Block 1 HEDLUND SHADY ACRES – into two, single-family lots. The existing home would remain, and a new home would be constructed to the southwest.
Planning Commission Review and Recommendation

The planning commission considered the proposed subdivision on June 13, 2019. The commission report, associated plans, and meeting minutes are attached.

Staff recommended approval of the proposal, finding that it would meet the standards of the subdivision and tree protection ordinances. At the commission meeting, a public hearing was opened to take comment. No comments were received. On a 5-0 vote, the commission recommended the city council approved the subdivision.

Staff Recommendation

Staff recommends the city council adopt the resolution approving the preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road.

Submitted through:
  Geralyn Barone, City Manager
  Julie Wischnack, AICP, Community Development Director
  Loren Gordon, AICP, City Planner

Originated by:
  Susan Thomas, AICP, Assistant City Planner
Location Map

Project: Rutzick Ridge
Address: 3564 Shady Oak Rd
Brief Description
Preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road

Recommendation
Recommend the city council adopt the resolution approving the preliminary and final plats

Background
In 2004, the city reviewed HEDLUND SHADY ACRES subdivision. As proposed, the subdivision would create two, single-family lots. During the review of the proposal, staff noted the possibility of future subdivision of not only the then subject property but also of the property immediately to the northwest. To appropriately plan for this subdivision, the city required that one-half of a public right-of-way be dedicated as part of the HEDLUND SHADY ACRES final plat. (Below left.) In 2014, the city approved the KOCH HILL ESTATES subdivision to the northwest. The remainder of the right-of-way was dedicated with that plat and a public roadway, Orchard Way, was constructed. (Below, right.)

Proposal
Property owners Molly and Ryan Rutzick are now proposing to divide the subject property – Lot 1, Block 1 HEDLUND SHADY ACRES – into two, single-family lots. The existing home would remain on proposed lot 1, and a new home would be constructed to the southwest on lot 2.
Staff Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues.

- **Would the proposal meet minimum subdivision standards?**

  Yes. The subdivision ordinance outlines the minimum area and dimensional standards for single-family residential lots. As submitted, the subdivision would meet all minimum standards.

<table>
<thead>
<tr>
<th>R-1 Zoning</th>
<th>Area</th>
<th>Lot Width</th>
<th>Lot Depth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>Buildable</td>
<td>Right-of-Way</td>
</tr>
<tr>
<td>Required</td>
<td>22,000 sq.ft.</td>
<td>3,500 sq.ft.</td>
<td>80 ft</td>
</tr>
<tr>
<td>Lot 1</td>
<td>39,670 sq.ft.</td>
<td>17,545 sq.ft.</td>
<td>180 ft</td>
</tr>
<tr>
<td>Lot 2</td>
<td>22,100 sq.ft.</td>
<td>9,075 sq.ft.</td>
<td>170 ft</td>
</tr>
</tbody>
</table>

* all numbers rounded to nearest 5 sq.ft.

- **Would the proposal meet the tree ordinance?**

  Yes. Based on the submitted grading plan, one of the site’s seven high-priority trees would be removed or significantly impacted to accommodate a new home. This 14 percent removal/impact would be allowed under the tree protection ordinance.

Staff Recommendation

Recommend the city council adopt the resolution approving the preliminary and final plat of RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road.

Originator: Susan Thomas, AICP, Assistant City Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Surrounding Land Uses**
- North: single-family homes
- South: single-family homes
- East: single-family homes
- West: single-family homes

**Planning**
- Guide Plan designation: low-density residential
- Zoning: R-1

**Grading**
As is required for all preliminary plat applications, the applicant has submitted a general grading plan. This general plan suggests that minimal grading would be necessary to accommodate a new home on the site. A specific grading plan must be submitted and reviewed in conjunction with any building permit application.

**Stormwater**
Under the city's stormwater rule, stormwater management must be provided on the newly created lot. Stormwater facilities, such as rain gardens, must control for runoff rate, volume, and quality. A specific stormwater management plan must be submitted and reviewed in conjunction with any building permit application.

**Tree Removal**
By city code, no more than 35% of a property’s high priority trees may be removed to accommodate subdivision. A tree is considered removed if: (1) it is physically removed; (2) 30% or more of the trunk circumference is injured; (3) 30% or more of the crown is trimmed; (4) an oak is trimmed between April 1st and July 15th; or (5) the following percentage of the critical root zone is compacted, cut, filled or paved – 30 percent of the critical root zone for all species, except 40 percent for ash, elm, poplar species, silver maple and boxelder.

The subject property contains 7 high priority trees, 27 significant trees. Based on the submitted plans:

<table>
<thead>
<tr>
<th></th>
<th>Total Number</th>
<th>Removed</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Priority</strong></td>
<td>7</td>
<td>1 tree (14% of total)</td>
</tr>
<tr>
<td><strong>Significant</strong></td>
<td>27</td>
<td>12 trees (44% of total)</td>
</tr>
</tbody>
</table>

**Tree Mitigation**
By city code, tree mitigation is required for certain trees removed/impact. Based on the submitted plans, the required mitigation would be seven, two-inch trees. Specific mitigation amounts would be determined during the review of specific building permit applications.

**Utilities**
Public utilities are available in Orchard Way.
Voting Requirement

The planning commission will make a recommendation to the city council. A motion to support staff’s recommendation requires an affirmative vote of simple majority.

Motion Options

The planning commission has three options:

1) Concur with the staff recommendation. In this case, a motion should be made recommending the city council adopt the resolution approving the preliminary and final plats.

2) Disagree with staff recommendation. In this case, a motion should be made recommending the city council deny the plats. This motion must include findings for denial.

3) Table the request. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

Neighborhood Comments

The city sent notices to 43 area property owners and received no comments to date.

Deadline for Decision

August 26, 2019
KNOW ALL PERSONS BY THESE PRESENTS: That Ryan Rutzick and Molly Rutzick, joint tenants, owners of the following described property situated in County of Hennepin, State of Minnesota, to wit:

Lot 1, Block 1, HEDLUND SHADY ACRES, Hennepin County, Minnesota.

Has caused the same to be surveyed and platted as RUTZICK RIDGE and does hereby dedicate or donate to the public for public use the drainage and utility easements as created by this plat.

In witness whereof said Ryan Rutzick and Molly Rutzick, joint tenants, have caused these presents to be signed this ______ day of __________, 20___.

SIGNED:   Ryan Rutzick
SIGNED:   Molly Rutzick

STATE OF _________________________
COUNTY OF _______________________
The foregoing instrument was acknowledged before me this _______ day of __________________________, 20____, by 
Ryan Rutzick and
Molly Rutzick, joint tenants.
Notary Public:
My Commission Expires_____________________________

I, Daniel L. Thurmes, a Licensed Land Surveyor, do hereby certify that this plat was prepared by me or under my direct supervision; that I am a duly Licensed Land Surveyor in the State of Minnesota; that this plat is a correct representation of the boundary survey; that all mathematical data and field work were properly designed and performed in full compliance with the laws of Minnesota and the practices of the profession of land surveying; that all surveys, field notes, and other original documents on which this survey is based are in my possession and control, and that a copy of each of these documents is certified as true and complete. All water boundaries and wet lands, as defined in Minnesota Statutes, Section 505.01, Subd. 3, as of the date of this certificated are shown and labeled on this plat; and all public ways are shown and labeled on this plat.

Dated this __________ day of _______________________ , 20____.
__________________________________________________
Daniel L. Thurmes, Licensed Land Surveyor
Minnesota License No. 25718

STATE OF MINNESOTA
COUNTY OF DAKOTA
The foregoing Surveyor's Certificate was acknowledged before me this _______ day of __________________________, 20____ , by Daniel L. Thurmes, a Licensed Land Surveyor.
Notary Public Dakota County, Minnesota

MINNETONKA, MINNESOTA
This plat of RUTZICK RIDGE was approved and accepted by the City Council of the City of Minnetonka, Minnesota, at a regular meeting thereof held this _______ day of ___________________ , 20_____. If applicable, the written comments and recommendations of the Commissioner of Transportation and the County Highway Engineer have been received by the City or the prescribed 30 day period has elapsed without receipt of such comments and recommendations, as provided by Minnesota Statutes, Section 505.03, Subd.2.

City Council of the City of Minnetonka, Minnesota
By: _____________________________________, Mayor
By:___________________________________ , Clerk

RESIDENTIAL AND REAL ESTATE SERVICES, Hennepin County, Minnesota
I hereby certify that taxes payable in 20___ and prior years have been paid for land described on this Plat, dated this _______ day of _________________________, 20___.
Mark V. Chapin, County Auditor     by____________________________________ Deputy

SURVEY DIVISION, Hennepin County, Minnesota
Pursuant to MN. STAT. Sec. 383B.565 (1969), this plat has been approved this _________ day of ______________, 20___.
Chris F. Mavis, County Surveyor     by____________________________________

REGISTRAR OF TITLES, Hennepin County, Minnesota
I hereby certify that this plat of RUTZICK RIDGE was filed in this office this _____ day of __________, 20____, or ________.
Martin McCormick, Registrar of Titles   by___________________________________ Deputy
GRADING NOTES:
1. NO STORMWATER MANAGEMENT IS REQUIRED AT THIS TIME.
2. ALL HARDSCAPES TO BE LOCATED ON LOT 2 TO BE DONE AT THE MAN
  AGEMENT OFFICE.
3. ADDITIONAL UTILITIES OF WHICH
   RECEIVED, WHILE OTHER UTILITIES DID NOT RESPOND TO
   ADDITIONAL UTILITIES OF WHICH
   THE UNDERGROUND UTILITIES SHOWN
   NOT WARRANT THAT THE UNDERGROUND UTILITIES
   SERVICE OR ABANDONED. THE SURVEYOR FURTHER DOES
   COMPROMISE ALL SUCH UTILITIES IN THE AREA, EITHER IN
   EXISTING TOTAL PARCEL AREA = 61,770 SQ. FT.
   EXISTING DRAWINGS. THE SURVEYOR MAKES NO
   GUARANTEE THAT THE UNDERGROUND UTILITIES SHOWN
   THE UNDERGROUND UTILITIES SHOWN HAVE BEEN
   THE LOCATE REQUEST. ADDITIONAL UTILITIES OF WHICH
   UNDERGROUND UTILITIES NOTES:
   1. BEARINGS ARE BASED ON COORDINATES SUPPLIED
   BY THE HENNEPIN COUNTY SURVEYORS OFFICE.
   2. UNDERGROUND UTILITIES SHOWN PER GOPHER
   STATE ONE CALL.
   3. THERE MAY SOME UNDERGROUND UTILITIES, GAS,
   ELECTRIC, ETC. NOT SHOWN OR LOCATED.
   4. NO STORMWATER MANAGEMENT IS REQUIRED
   AT THIS TIME.
   5. THE PROPOSED STORMWATER FACILITY SHOWN FOR LOT 2 IS SUBJECT TO
   REFERENCE PURPOSES ONLY.
   6. THE BUILDER FOR THE PROPOSED HOUSE SHALL
   BE RESPONSIBLE FOR ALL EROSION CONTROL, TREE PRESERVATION MEASURES, GRADING AND
   REMOVALS AND WILL BE REQUIRED TO SUBMIT
   ALL NECESSARY DRAWING REQUIRED BY THE
   CITY REQUIREMENTS. FOR REFERENCE
   PURPOSES ONLY. SUBJECT TO
   THE PROPOSED HOUSE AND PROPOSED
   LOT 2 TO BE DONE AT THE MAN
   MANAGEMENT OFFICE.
   ALL NECESSARY DRAWING REQUIRED BY THE
   COUNTY REQUIREMENTS. FOR REFERENCE
   PURPOSES ONLY. SUBJECT TO
   THE PROPOSED HOUSE AND PROPOSED
   LOT 2 TO BE DONE AT THE MAN
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   LOT 2 TO BE DONE AT THE MAN
   MANAGEMENT OFFICE.
   ALL NECESSARY DRAWING REQUIRED BY THE
   COUNTY REQUIREMENTS. FOR REFERENCE
   PURPOSES ONLY. SUBJECT TO
   THE PROPOSED HOUSE AND PROPOSED
   LOT 2 TO BE DONE AT THE MAN
   MANAGEMENT OFFICE.
TOTAL TREES SURVEYED = 36
DEAD TREES = NONE
ON SITE SIGNIFICANT = 30
R/W OFF SITE SIGNIFICANT = 6
ON SITE HIGH PRIORITY = 25
R/W OFF SITE HIGH PRIORITY = 2
ON SITE HIGH PRIORITY SAVE = 20 (80%)
ON SITE PRIORITY REMOVE = 5 (20%)

DENOTES SIGNIFICANT CONIFEROUS TREE
DENOTES SIGNIFICANT DECIDUOUS TREE
DENOTES CRITICAL ROOT ZONE
DENOTES HIGH PRIORITY TREE

DEVELOPMENT DATA
EXISTING TOTAL PARCEL AREA = 61,770 SQ. FT.
PROPOSED:
LOT 1 = 39,670 SQ. FT.
LOT 2 = 22,100 SQ. FT.
BUILDING SETBACKS: VERIFY WITH CITY ZONING DEPT.
FRONT = 35'
SIDE = AGGREGATE = 30', MIN. 10'
REAR = 20% LOT DEPTH

SURVEY NOTATION:
0 NORTH
30 60

UNDERGROUND UTILITIES NOTES
THE UNDERGROUND UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY INFORMATION AND EXISTING DRAWINGS. THE SURVEYOR MAKES NO GUARANTEE THAT THE UNDERGROUND UTILITIES SHOWN COMPREHEND ALL UNDERGROUND UTILITIES. A SURVEY FOR UNDERGROUND UTILITIES IS RECOMMENDED. IT IS IMPORTANT TO NOT DISTURB UNDERGROUND UTILITIES. IT IS IMPORTANT TO VERIFY THE LOCATION OF UNDERGROUND UTILITIES AS ACCURATELY AS POSSIBLE FROM THE INFORMATION AVAILABLE.

Gopher State One Call Ticket Number: 191051498
Some utilities located may not have been responded to.

PRELIMINARY PLAT
OWNER: Ryan & Molly Rutzick
3564 Shady Oak Road
Minnetonka, MN 55305
612-670-1592
COUNTY/CITY: Hennepin County/City of Minnetonka
PROJECT LOCATION:
SHADY OAK RD.
PID#1411722330047

REVISIONS:
INITIAL ISSUE
4-19-19
CERTIFICATION:
I hereby certify that this plan was prepared by me, or under my direct supervision, and that I am a duly Licensed Land Surveyor under the laws of the state of Minnesota.
Daniel L. Thurmes  Registration Number: 25718
Date:__________________

CORNERSTONE LAND SURVEYING, INC.
Suite #200
1970 Northwestern Ave.
Stillwater, MN 55082
Phone 651.275.8969
dan@cssurvey.net

TWIN CITY AREA:
TOLL FREE:
1-800-252-1166
651-454-0002
Gopher State One Call

CALL BEFORE YOU DIG!
2004 REVIEW and APPROVAL
HEDLUND SHADY ACRES
2014 REVIEW and APPROVAL
KOCH HILL ESTATES
A4
Koch Hill Estates

Submitted by Applicant

MAY 23 2014

VOL=4959 CF
00=962.50
BOT=960,50
INFILTRATION

SITE SIZE (4 LOTS)
TO ACCOMMODATE OFF SITE 0.86 ACRE LOT.
MINIMUM LOT WIDTH = 110' @ FRONT SETBACK

STORM WATER MANAGEMENT. SITE INFILTRATION BASINS ARE OVERSIZED
MINIMUM LOT SIZE = 22,600 SF

OFF SITE EXISTING LOT 37,626 SF (0.86 ACRES)

TO ACCOMMODATE OFF SITE 0.86 ACRE LOT.

SITE INFORMATION:
ZONING NOTES:

A.

MINIMUM BUILDING DIMENSION = 40' x 40'
REAR SETBACK (RSB) = 40' OR 20% OF LOT DEPTH, WHICHEVER IS LESS
FRONT SETBACK (FSB) = 35' (25' @ CORNER)
MINIMUM LOT DEPTH = 125'

MINIMUM BUILDING DIMENSION = 40' x 40'
MINIMUM LOT SIZE = 22,000 SF
REAR SETBACK (RSB) = 40' OR 20% OF LOT DEPTH, WHICHEVER IS LESS
FRONT SETBACK (FSB) = 35' (25' @ CORNER)
MINIMUM LOT DEPTH = 125'

SIDE SETBACK (SSB) = 30' TOTAL (10' & 20')
A. Resolution approving preliminary and final plats of Rutzick Ridge, a two-lot subdivision at 3564 Shady Oak Road.

Chair Kirk introduced the proposal and called for the staff report.

Gordon reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Ryan Rutzick, 3564 Shady Oak Road, applicant, stated that he was available for questions.

The public hearing was opened. No testimony was submitted and the hearing was closed.

Sewall felt the proposal is reasonable. He liked that the property owner would be staying.

Powers liked that there would not be a lot of tree removal.

**Powers moved, second by Sewall, to recommend that the city council adopt the resolution approving the preliminary and final plats of Rutzick Ridge, a two-lot subdivision at 3564 Shady Oak Road.**

**Sewall, Knight, Luke, Powers, and Kirk voted yes. Hanson and Henry were absent. Motion carried.**

B. Items concerning Walser Nissan at 15906 Wayzata Blvd.

Chair Kirk introduced the proposal and called for the staff report.

Ingvalson reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

In response to Luke’s request, Ingvalson pointed out trees that would be removed.

Powers asked what part of the berm would be removed. Ingvalson identified the area.

Knight asked if the back lot would be a vehicle storage area or if customers would be coming and going. Ingvalson explained that it would be used more as a vehicle storage area.

Powers asked if there would be an increase in noise. Ingvalson expected the noise level to remain similar to the current site. The noise ordinance would apply.

Jack Grotkin, representing Walser Automotive, applicant, stated that:
Resolution No. 2019-

Resolution approving the preliminary and final plats of
RUTZICK RIDGE, a two-lot subdivision at 3564 Shady Oak Road

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 Molly and Ryan Rutzick have requested preliminary and final plat approval for RUTZICK RIDGE.

1.02 The property is located at 3564 Shady Oak Road. It is legally described as:

   Lot 1, Block 1, HEDLUND SHADY ACRES, Hennepin County, Minnesota

1.03 On June 13, 2019, the planning commission held a hearing on the proposed plats. The applicants were provided the opportunity to present information to the commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council grant preliminary and final plat approval.

Section 2. General Standards.

2.01 City Code §400.030 outlines general design requirements for residential subdivisions. These standards are incorporated by reference into this resolution.

Section 3. Findings.

3.01 The proposed plats meet the design requirements as outlined in City Code §400.030.


4.01 The above-described preliminary and final plats are hereby approved, subject to
the following conditions:

1. Prior to the release of the final plat for recording, submit the following:
   a) A final plat drawing that clearly illustrates the following:
      1) The common lot line between Lots 1 and 2 located such that utility services for Lot 2 would be entirely located on Lot 2.
      2) A minimum 10-foot wide drainage and utility easements adjacent to the public right-of-way(s) and minimum 7-foot wide drainage and utility easements along all other lot lines.
      3) Utility easements over existing or proposed public utilities, as determined by the city engineer.
   b) Title evidence that is current within thirty days before the release of the final plat.
   c) Plat consent from any mortgage holder.
   d) Two sets of mylars for city signatures.
   e) An electronic CAD file of the plat in microstation or DXF.
   f) Park dedication fee of $5,000.

2. Subject to staff approval, RUTZICK RIDGE must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:
   • Conceptual Grading Plan, dated April 19, 2019
   • Tree Preservation Plan dated, dated April 19, 2019

3. Prior to issuance of a building permit for the new house:
   a) Submit the following items for staff review and approval:
      1) A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance.
      2) A final grading and tree preservation plan for the lot. The plan must:

b. Show sewer and water services to minimize impact to any significant or high-priority trees. No trees may be removed for installation of services.

c. No more than two high-priority trees may be removed or impacts as part of total site improvements, including grading, home and driveway construction, and installation of utilities.

3) A tree mitigation plan. The plan must meet minimum mitigation requirements as outlined in the ordinance. However, at the sole discretion of staff, mitigation may be decreased.

4) A final stormwater management plan. The plan must demonstrate conformance with the following criteria:

- Rate. Limit peak runoff flow rates to that of existing conditions from the 2-, 10-, and 100-year events at all points where stormwater leaves the site.

- Volume. Provide for on-site retention of 1-inch of runoff from the entire site’s impervious surface.

- Quality. Provide for all runoff to be treated to at least 60 percent total phosphorus annual removal efficiency and 90 percent total suspended solid annual removal efficiency.

5) A driveway permit application. Note, maximum driveway grade is 10 percent.

6) A construction management plan. This plan must be in a city-approved format and outline minimum site management practices and penalties for non-compliance.

7) Cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document, the builder and property owner will acknowledge:

- The property will be brought into compliance within 48 hours of notification of a violation of the
construction management plan, other conditions of approval, or city code standards; and

• If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

b) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

c) Submit all required hook-up fees.

4. No grading or tree removal is allowed on Lot 2 prior to issuance of a building permit.

5. All lots and structures within RUTZICK RIDGE are subject to all R-1 zoning standards.

6. During construction, the streets must be kept free of debris and sediment.

7. This approval will be void on June 24, 2020, unless: (1) the final plat has been filed with Hennepin County; or (2) the city receives and approves a written application for a time extension.

Adopted by the City Council of the City of Minnetonka, Minnesota, on June 24, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, City Clerk

Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted
I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on June 24, 2019.

Becky Koosman, City Clerk
City Council Agenda Item #10B  
Meeting of June 24, 2019

Brief Description:  Labor agreement between the city of Minnetonka and Law Enforcement Labor Services (LELS) Local 442 representing police officers

Recommended Action:  Approve the agreement

Background

Staff has negotiated a labor agreement with Law Enforcement Labor Services, which represents the city’s police officers. City staff and LELS representatives have reached agreement on a three-year contract for 2019 – 2021, the union employees have ratified it, and the city council is requested to approve it. Major changes to the existing labor agreement are described below, and all amendments can be found more specifically in the attached agreement.

Exclusive Representation

At the request of Minnetonka police officers, the Minnesota Bureau of Mediation Services recently certified Law Enforcement Labor Services (LELS) Local 442 as the exclusive representative of the Minnetonka police officer bargaining unit. The new labor agreement incorporates reference to LELS where appropriate and eliminates all reference to Teamsters Local 320, the previously certified union.

Article 9 – Wages and Salaries

The pay differential for the assignments of detective, school liaison, canine and field training officers would be increased incrementally in 2019, 2020 and 2021. These rates were last adjusted in 2009.

Article 11 – Uniforms

In lieu of modifications to Article 9 regarding detective pay, the uniform allowance for detective has been eliminated.

Article 12 – Personal Growth

Updates to the personal growth section include minor increases to most of the incentive pay components; the addition of Crisis After Care as a special assignment; and changing the eligibility timing to receive compensation for participation in the personal growth program. Presently, officers who qualify receive a lump-sum payment at year end. As outlined in the new agreement, officers would qualify in the fall for payment the following year. Pay would be divided evenly across all paychecks throughout the year, rather than a lump-sum payment.

Article 19 – Insurance

The city’s monthly contribution to the employee’s cafeteria benefits program will increase in 2019 from $970 to $985 for those electing single coverage; from $1,100 to $1,115 for those
electing employee plus spouse coverage; from $1,205 to $1,250 for employee plus child(ren) coverage; and from $1,250 to $1,290.50 for family coverage. These rates are consistent with adjustments already made in 2019 for all other eligible city employees. Note that deleted rates from the previous contract are from 2016. The health insurance portion of the contract remains open for negotiating 2020 and 2021 contributions.

**Exhibit A – Police Pay Ranges**

In 2019, the base wage rate increase would be 1.5% plus a 3.74% market wage adjustment, for a total 5.24% wage increase. The base wage rate increase for 2020 would be 2.0% and for 2021 would be 2.0%. Beginning in 2020, the market adjustment methodology would be modified to use the median of the top of wage ranges of comparison cities identified in the labor agreement.

**Recommendation**

The city council is requested to approve the 2019 – 2021 labor agreement between the city of Minnetonka and Law Enforcement Labor Services (LELS) Local 442 representing police officers. This agreement allows the city to adopt a competitive salary and benefit package to ensure the recruitment and retention of a high quality workforce.

Originated by:
Geralyn Barone, City Manager
LABOR AGREEMENT

BETWEEN

CITY OF MINNETONKA

AND

LAW ENFORCEMENT LABOR SERVICES
(LOCAL NO. 442)

Representing:

POLICE OFFICERS

Effective December 14, 2019 through December 23, 2021
LABOR AGREEMENT BETWEEN
CITY OF MINNETONKA AND
TEAMSTERS LOCAL NO. 320 LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442)

ARTICLE 1. PURPOSE OF AGREEMENT

This AGREEMENT is entered into as of December 20, 2013 December 14, 2018 between the CITY OF MINNETONKA, hereinafter called the EMPLOYER, and the LAW ENFORCEMENT LABOR SERVICES hereinafter called the UNION.

It is the intent and purpose of this AGREEMENT to:

1.1 Assure sound and mutually beneficial working and economic relationships between the parties hereto.

1.2 Establish procedures for the resolution of disputes concerning this AGREEMENT’S interpretation and/or application.

1.3 To set forth herein the basic and full agreement between the parties concerning rates of pay, hours, and other conditions of employment.

The EMPLOYER and the UNION through this AGREEMENT shall continue their dedication to the highest quality police service and protection to the residents of Minnetonka. Both parties recognize the AGREEMENT as a pledge of this dedication.

ARTICLE 2. RECOGNITION

The EMPLOYER recognizes the UNION as the exclusive representative for all employees in a unit certified by the State of Minnesota Bureau of Mediation Services in Case No. 19PRE0266 as:

All essential employees of the City of Minnetonka Police Department, Minnetonka, Minnesota, who are public employees within the meaning of Minnesota Statutes, §179A.03, Subd. 14, excluding supervisory and confidential employees. In the event the Employer and the UNION are unable to agree as to the inclusion or exclusion of a new or modified job class, the issue shall be submitted to the Minnesota Bureau of Mediation Services for determination.
ARTICLE 3. DEFINITIONS

3.1 UNION means LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.2 UNION MEMBER means a member of LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.3 EDUCATIONAL CREDIT means a credit from an accredited institution.

3.4 EMPLOYEE means a member of the bargaining unit as defined in Article II.

3.5 DEPARTMENT means the Minnetonka Police Department.

3.6 EMPLOYER means the City of Minnetonka.

3.7 CHIEF means the Chief of the Minnetonka Police Department.

3.8 COMPENSATORY TIME is time off in lieu of pay.

3.9 UNION OFFICER means officers elected or appointed by LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.10 BASIC HOURLY RATE means the employee's hourly rate as shown in Exhibit A plus any assignment pay differential to which the employee may be entitled pursuant to paragraph 9.2. For purposes of computing the Basic Hourly Rate the monthly assignment pay differential shall be divided by 173.33 before being added to the employee's hourly rate from Exhibit A.

3.11 EMERGENCY means a situation or condition so defined by the Minnetonka Police Chief or designee.

3.12 SCHEDULED WORK DAY means a scheduled consecutive work period including rest breaks and meal break.

3.13 SHIFT means an employee's scheduled work days and days off.

ARTICLE 4. DISCRIMINATION

Neither the EMPLOYER nor the UNION shall discriminate against any employee covered by the AGREEMENT because of their membership or non-membership in the UNION.

ARTICLE 5. EMPLOYER SECURITY

The UNION and employees of the Minnetonka Police Department agree that during the life of this AGREEMENT, they will not cause, encourage, participate in or support any strike. Violations of this Article shall be grounds for disciplinary action up to and including discharge without recourse to the grievance procedure of this contract.
ARTICLE 6. EMPLOYER AUTHORITY

6.1 The EMPLOYER and the UNION agree that certain hours, salaries, and conditions of employment are established by City ordinances, City resolutions, and rules and regulations of the Minnetonka Police Department. This AGREEMENT supplements hours, salaries, and other conditions of employment to the extent to which they are not in conflict. If in conflict, the law, ordinance, resolution, rule or regulation shall prevail as long as it is consistent with the Public Employees Labor Relations Act.

6.2 The UNION recognizes the prerogative of the EMPLOYER to operate and manage its affairs in all respects in accordance with existing and future laws and regulations of the appropriate authorities including municipal personnel policies and work rules. The prerogatives or authority which the EMPLOYER has not officially abridged, delegated or modified by this AGREEMENT are retained by the EMPLOYER, such as, but not limited to:

6.21 Direct employees.

6.22 Hire, promote, transfer, assign, retain employees in positions and to suspend, demote, discharge or take disciplinary action against employees.

6.23 Relieve employees from duties because of lack of work or other legitimate reasons.

6.24 Maintain the efficiency of the City operations.

6.25 Determine the methods, means, job classifications and personnel by which such operations are to be conducted.

6.26 Take whatever actions may be necessary to carry out the missions of the agency in situations of emergency.

6.27 Determine reasonable schedules of work and establish the methods and processes by which such work is performed.

ARTICLE 7. SPECIAL MEETINGS

The EMPLOYER and the UNION agree to meet and confer on matters of interest to both parties upon the request of either party. Special meetings shall be held within ten (10) calendar days after receipt of the request. Employee representatives of the UNION will not be paid extra compensation, if the meeting is called by the UNION. Compensation on a straight-time basis shall be paid to the representatives of the UNION, if the meeting is called by the EMPLOYER and if the UNION representatives are called in the meeting during off-duty hours and if so paid, not to exceed three (3) hours of their regular hourly rate of pay computed on a straight-time basis.
ARTICLE 8. HOURS OF WORK

The normal work week in the Police Department is an averaged forty (40) hours.

ARTICLE 9. WAGES AND SALARIES

9.1 The rates of pay are set forth in Exhibit A, attached hereto and made a part thereof.

9.2 Employee assignments are made at the sole discretion of the Chief of Police. Employees in the following assignments shall be paid a differential as specified below:

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Differential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detective and School Liaison</td>
<td>$245/month</td>
</tr>
<tr>
<td></td>
<td>$340/month in 2019</td>
</tr>
<tr>
<td></td>
<td>$370/month in 2020</td>
</tr>
<tr>
<td></td>
<td>$400/month in 2021</td>
</tr>
<tr>
<td>Canine</td>
<td>$150/mo</td>
</tr>
<tr>
<td>Field Training Officer</td>
<td>$2.85/hr $3.20/hour in 2019,</td>
</tr>
<tr>
<td></td>
<td>$3.40/hour in 2020, and $3.60/hour in 2021.</td>
</tr>
<tr>
<td>(when performing assigned Field Training Officer duties)</td>
<td></td>
</tr>
</tbody>
</table>

An employee assigned special duties under the Professional Development Program not listed above and who is no longer eligible for holiday pay pursuant to Sections 14.1 and 14.3 of this agreement shall be paid a differential of $135.00 per month for the duration of the assignment unless otherwise specified in this agreement.

9.3 Employees shall be compensated for the assignments listed in 9.2 which are greater than one month in duration and shall be eligible for assignment pay differential only when serving in an assignment. Employees shall only be eligible for pay differential in one assignment at a time.

9.4 The Chief of Police has exclusive authority to assign employees and equipment; and to develop, manage, and terminate assignments. Assignments are not permanent or promotional and may be revoked at the sole discretion of the Chief of Police.

ARTICLE 10. ADDITIONAL HOURS

10.1 Hours worked in excess of scheduled workday within a 24-hour period shall be compensated at one and one-half (1½) times the employee's basic hourly rate of pay. A change of scheduled work day within a 24-hour period does not qualify for
overtime. In lieu of being compensated for overtime in cash, the employee may accrue compensatory time. The employee may use that compensatory time after obtaining the approval of their immediate supervisor and the Chief of Police. Such compensatory time will be computed at the rate of one and one-half (1½) hours off for every hour of overtime worked. Overtime is to be calculated to the nearest 15 minutes. Changes in shift mutually agreed upon do not qualify an Employee for overtime, unless the time is greater than the scheduled workday.

10.2 Court Time - Employees who are required at the direction of the City Attorney, County Attorney, the Attorney General's Office, or other appropriate authority, to appear in court during off duty hours shall receive a minimum of two and one-half (2½) hours of pay at one and one half (1½) times their normal basic hourly rate of pay either in cash or in compensatory time, at the option of the Employee.

10.21 Reporting early for a scheduled work day or an extension of a work day for court duty does not qualify for this minimum.

10.22 EMPLOYEES who are required to standby for court appearances shall receive a minimum of two and one half (2½) hours straight time either in cash or compensatory time, for all time they are directed to standby. If notification of court cancellation is not given by 5:00 p.m. of the preceding business day, the employee will receive two and one-half (2½) hours pay at their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the employee.

10.23 If a court appearance is required of an employee during the employee's off-duty time and the court appearance is canceled, the employee will be given notice of cancellation by 5:00 p.m. of the preceding business day. If notification is not given by 5:00 p.m. of the preceding business day, the employee will receive two and one-half (2½) hours pay at one and one-half (1½) times their normal basic hourly rate of pay either in cash or in compensatory time, at the option of the employee.

10.3 Call Back Time. Employees who are called back to duty during off duty hours shall receive a minimum of two (2) hours pay at one and one half (1½) times their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the Employee.

10.31 Employees called back for unscheduled, scheduled work day changes within a 48 hour period shall receive two (2) hours of pay at one and one-half (1½) times their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the Employee.

10.32 An extension of, or early reporting for, a scheduled work day, does not qualify for callback time minimum if that time is paid as overtime.

10.4 Additional duty time provided for in this Article shall not be pyramided, compounded, or paid twice for the same hours.
ARTICLE 11. UNIFORMS

11.1 Detective

a. Uniform allowance for each employee assigned as a detective, will be at the annual rate of $700.00. Detective assignments of less than one year within any calendar year will be compensated at a pro-rated amount based on the number of weeks during that calendar year worked as a detective. Detectives shall maintain a full uniform consistent with EMPLOYER’S policy.

Clothing damaged in the line of duty through no fault of the employee shall be replaced or repaired by the EMPLOYER at the discretion of the Chief.

11.2 The EMPLOYER shall provide each employee, other than those assigned as detectives, with a complete uniform and shall provide replacement for elements of the uniform as necessary. The EMPLOYER shall provide regular maintenance of uniforms for employees assigned to patrol responsibilities. The components of uniforms, procedures for provision and replacement of the uniform and maintenance of uniforms shall be governed by policies established by the EMPLOYER which may be modified at the EMPLOYER’S sole discretion.

11.3 The EMPLOYER shall provide each employee with a City-owned approved service firearm and shall pay the cost of normal maintenance and repair of the service firearm.

11.4 The UNION and EMPLOYER agreed to eliminate the uniform allowance in lieu of modifications to Article 9, 9.2, Detective pay.

ARTICLE 12. PERSONAL GROWTH

12.1 This Incentive Pay Program is a voluntary program designed to promote personal growth and performance for all employees. It provides opportunities for employees to earn additional compensation for program components such as education degree/training, community service, wellness/fitness and a skill assessment. All compensation, including payment for overtime hours earned during the year, for this program will be paid in a lump sum payment at the end of the year. On an annual basis, employees may choose to receive incentive pay by participating in the Education Degree component described in Article 12.21, and/or any three of the remaining components. Since the program is voluntary, employees will not be compensated for off duty time in which they are involved in or preparing for components of the program.

12.2 Listed below is a summary of the requirements for receiving additional compensation for each of the components of the Incentive Pay Program. The actual details on
the implementation and administration of the program will be part of an administrative policy. The EMPLOYER agrees to meet and confer with the UNION on the development of the administrative policy which will outline the details of these program components.

12.21. Education Degree - After successful completion of the one-year probationary period outlined in Section 17.2, employees with a Bachelor's or Master's degree from an accredited institution in a work related field are eligible to receive 1.9% 2.0% of base pay in additional compensation. Employees who successfully complete the probationary period will be paid retroactively for the time during the probationary period when they otherwise would have qualified for this additional compensation at the rate of pay in effect for that time period.

12.22. Ongoing education/training - employees with two years of service who demonstrate a commitment to continued education/training are eligible to receive 1.9% 2.0% of base pay in additional compensation. This can be accomplished by annually taking and successfully completing a minimum of two college courses (six credits) in a job related field from an accredited institution of higher learning; or receiving a minimum of 14 Peace Officer Standards and Training (POST) credits per year above the normal licensing requirements. College courses and training sessions must be attended on off duty time and be pre-approved by the Chief of Police.

12.23 Community Service - Employees with two years of service who are actively involved in an outside community service activity are eligible to receive 1.9% 2.0% of base pay in additional compensation. Community Service activities must be pre-approved by the Chief of Police and employees must provide evidence of participation in the activity in the amount of not less than 50 hours for the calendar year.

12.24 Skill Assessment - Employees with one year of service who receive a passing score on an annual written skill assessment, are eligible to receive 2.0% of base pay in additional compensation. The skill assessment will be based on information from the Department Policy and Procedures manual, Criminal Code, City ordinances, traffic laws, EMT manual and IACP training keys, and be designed to test subject matters related to the performance of the employees' jobs. The 50 question skill assessment will be developed and administered under the direction of the Chief of Police and a score of 75% is considered passing.

12.25 Wellness/Fitness - Employees with two years of service who make substantial progress on personalized wellness/fitness goals are eligible to receive 2.0% of base pay in additional compensation. Each employee who chooses to participate in this program will receive a personalized wellness/fitness profile with stated goals to maintain or improve their overall health. The program will be administered by the Chief and will be in compliance with all local, state and federal laws governing discrimination based on
gender, race, or age. Employees will be evaluated for compliance with the goals a minimum of every two years, and more frequently if factors warrant.

12.26 Special assignments - Employees with two years of service who are on the annual active assignment list established by the Employer to serve in one or more of the following training assignments, or other special assignments as agreed upon by both the Employer and Union, are eligible to receive a maximum of 4.9% 2.0% of base pay in additional compensation:

- Field Training Officer
- Firearms Trainer
- Use of Force Trainer
- Swat Team Member
- Reserve Unit Coordinator
- Explorer Post Advisor
- Crisis Negotiator
- Crisis after Care

12.27 Organizational Awareness - Employees with two years of service who participate in at least 14 hours of off-duty time of Employer-designated and authorized training regarding specific City department or public safety support functions are eligible to receive 4.9% 2.0% of base pay in additional compensation. Examples of the functions in Section 12.26 include, but are not necessarily limited to, fire, legal, planning, inspections and paramedic services.

12.28 Beginning on December 16, 2016 employees who have successfully completed ten years of service have an opportunity to participate in one additional program component under article 12.2 of their choice. Employees may choose to receive incentive pay by participating in the Education Degree component described in Article 12.21, and/or any four of the remaining components described in Articles 12.22 to 12.27. The fourth program component selected for participation will be worth 2% of base pay in additional compensation.

Employees eligible under Article 12.28 who participate in Article 12.26 Special Assignments will be eligible to count their participation in any current assignment as part of Article 12.2 Personal Growth and apply any other previously completed 2 year Special Assignment listed under Article 12.26 or listed under Article 9.2 for eligibility of the fourth additional component under Article 12.28.

Since the program is voluntary, employees will not be compensated for off duty time in which they are involved in or preparing for components of the program. All compensation, including payment for overtime hours earned during the year, for this program will be paid in a lump sum payment at the end of the year.

12.29 The negotiated base pay rate listed in Exhibit A shall be increased by the percentages listed in each corresponding Article of 12.21 – 12.28 according to the following Personal Growth Wage Calculation Methodology.
Employees shall qualify for the qualification level annually by October 31 and the corresponding rate (step and qualification incentive level) shall begin on the first payroll of the following year. If an employee does not qualify for one or more of the personal growth programs, the corresponding qualification level rate will be removed on the first payroll of the following year.

Employees that completed Personal Growth programs in 2018 shall be immediately eligible for the new qualified rates. Employees that meet the requirements of the Education Degree (12.21) program shall be immediately eligible for the new qualified rate for that component.

**ARTICLE 13. LIABILITY INSURANCE**

The EMPLOYER shall procure and maintain a policy of commercial general liability insurance, including errors and omissions, at its expense, insuring employees from all claims covered by such policy or policies in the sum of $2,000,000 per occurrence.

**ARTICLE 14. HOLIDAYS**

14.1 Employees assigned to uniformed patrol duties shall receive 10 days pay in lieu of holidays or eight hours of compensatory time for each below listed holiday. Employees shall also receive two (2) "Floating Holidays" which may be taken as a holiday on any day throughout the year at the election of the employee with the approval of the Police Chief.

14.2 All other EMPLOYEES shall receive the following days off:

- **New Year's Day**: January 1
- **Martin Luther King's Birthday**: Third Monday in January
- **Presidents Day**: Third Monday in February
- **Memorial Day**: Last Monday in May
- **Independence Day**: July 4
- **Labor Day**: First Monday in September
Veterans Day    November 11
Thanksgiving Day    Fourth Thursday in November
Day after Thanksgiving    Thanksgiving Friday
Christmas Day    December 25

provided when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on a Sunday the following day shall be a holiday, and provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Saturday, the preceding day shall be a holiday. Two (2) additional days shall be known as “Floating Holidays” and may be taken as a holiday on any day throughout the year at the election of the Employee with the approval of the Police Chief.

14.3 Employees who are required to work on an actual holiday shall be paid at time and one half (1½) their base hourly wage rate for all of the hours of any shift that begins on a listed holiday.

**ARTICLE 15. VACATIONS**

15.1 For those regular full-time employees hired prior to January 1, 1998, vacation shall accrue according to the following schedule:

<table>
<thead>
<tr>
<th>Continuous Years of Service</th>
<th>Number of Vacation Hours Earned Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>80</td>
</tr>
<tr>
<td>6 - 15</td>
<td>120</td>
</tr>
<tr>
<td>16 - 20</td>
<td>160</td>
</tr>
<tr>
<td>21+</td>
<td>200</td>
</tr>
</tbody>
</table>

15.11 For those regular full-time employees hired on or after January 1, 1998, vacation shall accrue according to the following schedule:

<table>
<thead>
<tr>
<th>Continuous Years of Service</th>
<th>Number of Vacation Hours Earned Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>80</td>
</tr>
<tr>
<td>6 - 10</td>
<td>120</td>
</tr>
<tr>
<td>11</td>
<td>128</td>
</tr>
<tr>
<td>12</td>
<td>136</td>
</tr>
<tr>
<td>13</td>
<td>144</td>
</tr>
<tr>
<td>14</td>
<td>152</td>
</tr>
<tr>
<td>15 and on</td>
<td>160</td>
</tr>
</tbody>
</table>

15.2 Employees may accrue vacation leave not to exceed the following based on the employee's rate of vacation earned.

Maximum hours of
<table>
<thead>
<tr>
<th>Rate of Vacation Earned</th>
<th>accrued vacation leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 hours per year</td>
<td>200 hours</td>
</tr>
<tr>
<td>120 hours per year</td>
<td>225 hours</td>
</tr>
<tr>
<td>128 - 160 hours per year</td>
<td>250 hours</td>
</tr>
<tr>
<td>200 hours per year</td>
<td>275 hours</td>
</tr>
</tbody>
</table>

No employee shall be permitted to waive vacation leave for the purpose of receiving double pay.

**ARTICLE 16. GRIEVANCE PROCEDURE**

16.1 This grievance procedure is established for the purpose of resolving disputes involving the interpretation and/or application of this AGREEMENT.

16.2 Employees with a grievance may choose to be represented by the UNION.

16.3 The EMPLOYER will recognize UNION members selected by the UNION as the grievance representatives of the bargaining unit. The UNION shall notify the EMPLOYER in writing of the representative and of their successors when so named.

16.4 A grievance is defined as a dispute over the interpretation or application of this AGREEMENT.

16.5 Grievances shall be resolved in the following manner:

**Step 1.** An Employee claiming a violation concerning the interpretation or application of this AGREEMENT shall within ten (10) business days after such alleged violation present such grievance in writing, citing the portion of the contract violated and the suggested resolution to the employee’s immediate supervisor designated by the EMPLOYER. The EMPLOYER shall give a final answer in such Step 1 grievance within ten (10) business days. If a grievance is not resolved in Step 1, such grievance shall be placed in writing by the UNION and referred to Step 2, within ten (10) business days after the EMPLOYER’S final answer in Step 1.

**Step 2.** The written grievance shall be presented to the Minnetonka Chief of Police by the UNION. The Chief of Police shall give the employee the EMPLOYER’S Step 2 answer within ten (10) business days after receipt of such Step 2 grievance. If a grievance is not resolved in Step 2, such grievance shall be referred to Step 3 within ten (10) business days following the EMPLOYER’S final Step 2 answer.

**Step 3.** The written grievance shall be presented to the City Manager or another designated EMPLOYER representative by the UNION. The City Manager or other EMPLOYER representative shall give the
EMPLOYER'S answer within fifteen (15) business days after receipt of such Step 3 grievance. If a grievance is not resolved in Step 3, such grievance shall be referred to Step 4 by the UNION within ten (10) business days following the EMPLOYER'S final Step 3 answer.

Step 4. Unresolved grievances are subject to the arbitration provisions of Minnesota Statutes, Section 179A.21. The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the provision of this AGREEMENT. The arbitrator shall consider and decide only the specific issue submitted in writing by the EMPLOYER and the UNION and shall have no authority to make a decision on any other issue. The arbitrator shall be without power to make decisions contrary to or inconsistent with or modifying or varying in any way the application of laws, rules or regulations having the force and effect of law. The arbitrator shall submit a decision in writing within thirty (30) days following close of the hearing or the submission of briefs by the parties, whichever is later, unless the parties agree to an extension. The decision shall be based solely upon the arbitrator's interpretation or application of the express terms of this AGREEMENT and on the facts of the grievance presented.

16.6 All documents, communications and records dealing with a grievance shall be filed separately from the personnel files of the involved employee(s).

16.7 Any grievance not referred in the prescribed manner by the UNION or the employee within the specified time limits stated for each grievance step shall be considered waived.

16.8 The time limits established in the article may be extended by mutual consent of the EMPLOYER and the UNION and shall be in writing.

16.9 All fees and expenses for the arbitrator's service and proceedings shall be borne equally by the EMPLOYER and the UNION provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings the cost shall be charged equally.

16.10 If, as a result of the written EMPLOYER's response in Step 3 the grievance remains unresolved and if the grievance involves the suspension, demotion, or discharge of an employee who has completed the required probationary period, the grievance may be appealed either to Step 4 of this Article or to another procedure such as Veterans Preference or fair employment. If appealed to any procedure other than Step 4 of this Article, the grievance shall not be subject to the arbitration procedure provided in Step 4 of this Article. The aggrieved employee shall indicate in writing which procedure is to be used-Step 4 of this Article or an alternative procedure-and shall sign a statement to the effect that the choice of an alternate procedure precludes the employee from making an appeal through Step 4 of this Article. The
ARTICLE 17. SENIORITY

17.1 Seniority shall be determined by the Employee's length of continuous employment with the Police Department. Seniority rosters may be maintained by the Chief on the basis of time in grade and time within specific classifications.

17.2 All original appointments shall be probationary and subject to a probationary period of 2080 hours after appointment. All promotional appointments shall be probationary and subject to a probationary period of 1040 hours. Any extended leave will extend the probationary period by the amount of the leave. During the probationary period, the City may remove an employee whose performance does not meet the required work standards. Such removals are not subject to ARTICLE 26.

17.3 A reduction of the work force will be accomplished on the basis of seniority. Employees shall be recalled from layoff on the basis of seniority. An employee on layoff shall have an opportunity to return to work within two years of the time of the employee's layoff before any new employee is hired. Employees promoted to the police supervisors' bargaining unit shall retain bumping rights in the police officers' bargaining unit in lieu of layoff based on the employee's length of continuous employment. In the event of layoff in the supervisors' bargaining unit, an employee may bump the least senior police officer in lieu of layoff.

17.4 Seniority will be considered along with other pertinent operational factors in assigning overtime, holiday work, and vacation selection.

17.5 Patrol Officers will bid shifts by seniority

ARTICLE 18. LOSS OF SENIORITY

18.1 Employees shall lose their seniority for the following reasons:

a. Discharge, if not reversed.

b. Resignation.

c. Unexcused failure to return to work after expiration of a vacation or formal leave of absence, provided that Employees shall be given an opportunity to provide a reasonable explanation for such failure to return to work.

d. Retirement.
ARTICLE 19. INSURANCE

19.1 Health

For each benefit earning employee electing health insurance coverage through the EMPLOYER's sponsored cafeteria benefits program, the EMPLOYER'S monthly contribution toward the employee's benefits program is $970 nine hundred eighty five ($985) for those electing Single Coverage, $1,100 one thousand one hundred fifteen ($1,115) for Employee plus Spouse; $1,205 one thousand two hundred fifty ($1,250) for Employee plus Chid(ren) Coverage; or $1,290.50 for Family Coverage in plan year 2018 2019.

Each benefit earning employee electing health insurance coverage through the EMPLOYER sponsored cafeteria benefits program and who participates in the EMPLOYER sponsored health initiative program receives $100 per month. Each benefit-earning employee who opts out of the Employer sponsored cafeteria benefits program who participates in the employer-sponsored health initiative program receives $50 per month in plan year.

The insurance article is open for negotiations in 2017-2020 and 2018-2021.

19.2 Life

The EMPLOYER agrees to pay the full cost of a $35,000 life insurance policy for each officer covered by this AGREEMENT. The insurance is to be the type that may be picked up on the option of the officer upon retirement or termination of employment and will cover the officer on or off duty in accordance with MN Statute 61A.092.

19.3 Long Term Disability Insurance Language

The EMPLOYER will provide employees with Long Term Disability Insurance provided that a sufficient number of employees enroll to meet the insurer's eligibility requirements. The cost of the insurance will be paid through deductions in each employee's accrued sick leave account of hours of time sufficient to provide for the payment of premiums.

19.4 In the event the health insurance provisions of this Agreement fail to meet the requirements of the Affordable Care Act and its related regulations or cause the Employer to be subject to a penalty, tax or fine, the Union and Employer will meet immediately to bargain over alternate provisions.

ARTICLE 20. SICK LEAVE

20.1 Employees shall earn eight hours of sick leave for each month of employment. Sick leave may be used only to the extent that it is earned. Sick Leave shall be
authorized in cases of necessity or actual illness in accordance to MN Statute 
181.9413, City Policy, and Department Policy.

20.2 Sick leave may be used for absences due to an illness, injury, or hospitalization of 
the employee, employee's minor child, adult child, spouse, sibling, parent, in-law, 
grandchild, grandparent, or stepparent. Employees may also request use of sick 
leave for the serious illness, injury or hospitalization for members of immediate family 
not included above, which may be granted at the discretion of the employer.

20.3 A maximum of three days sick leave may be taken in the event of death in the 
employee's immediate family. An additional seven days of sick leave may be taken 
upon written approval of the EMPLOYER.

20.4 Each employee may donate up to two (2) days of accrued sick leave per year to 
other employee in accordance with the Administrative Policy.

ARTICLE 21. INJURED ON DUTY LEAVE

All employees certified by their physicians as unable to work because of a work related 
injury shall be entitled to Injured on Duty Leave up to a maximum of 1,040 working hours 
from the date of injury. Thereafter, the employee must use accumulated sick leave. Any 
Worker's Compensation benefits for lost time or wages paid to the injured employee while 
using Injured on Duty or Sick Leave shall be paid to the City. If it is determined by a medical 
provider acceptable to the city that an employee has a permanent injury that will not allow the 
employee to return to work, the injury on duty benefit terminates and thereafter accrued sick 
leave must be used. Injured on Duty shall not be provided to employees who fail to comply 
with procedures required by the EMPLOYER for reporting work related injuries.

ARTICLE 22. DUES CHECK OFF

The EMPLOYER shall deduct each payroll period an amount sufficient to provide the 
payment of regular dues established by the UNION from the wages of all employees 
authorizing such deduction in writing, and remit such deductions to the appropriate officer 
designated by the UNION. The UNION agrees to indemnify and hold the City of 
Minnetonka harmless against any and all claims, suits, order or judgment's brought or 
issued against the City as a result of any action taken or not taken by the City under the 
provisions of this Article.

ARTICLE 23. TRAINING LEAVE

Employees may be granted up to forty (40) hours uncompensated leave time annually to 
attend professional law enforcement training beyond requirements for POST licensing with 
the prior approval of the Police Chief. Such leave time shall be considered hours worked 
for purposes of computing sick leave accumulation, vacation accumulation, and for insurance 
eligibility.
ARTICLE 24. POST LICENSE FEE

EMPLOYER will pay for each Employee the license fee for that license required by M.S.A. 626.846, Subdivision 1.

ARTICLE 25. SAVINGS CLAUSE

This AGREEMENT is subject to the laws of the United States, the State of Minnesota and the signed municipality. In the event any provisions of this AGREEMENT shall be held to be contrary to law by a court of competent jurisdiction from whose final judgment or decree no appeal has been taken within the time provided, such provisions shall be voided. To the extent of a provision of the contract is declared to be contrary to law by a court of final jurisdiction or administrative ruling or is in violation of legislation or administrative regulations, said provision shall be voided and of no effect. All other provisions shall continue in full force and effect. The voided provision may be renegotiated at the request of either party.

ARTICLE 26. DISCIPLINE

26.1 The EMPLOYER will discipline, suspend or discharge employees only for just cause. Discipline may be in one or more of the following forms:

a. Oral Reprimand;
b. Written Reprimand;
c. Suspension;
d. Demotion; or
e. Discharge

26.2 Suspensions, demotions, and discharges will be in written form.

26.3 Written reprimands, notices of suspensions, and notice of discharge, which are to become part of an employee's personnel file, shall be read and acknowledged by signature of the employee. Employees will receive a copy of such reprimand and/or notices.

26.4 Employees may examine their own individual personnel files at reasonable times and under the direct supervision of the EMPLOYER.

26.5 An employee who is subject of an investigation that may result in a disciplinary action to that employee may have a member of the UNION present during questioning. It will be the responsibility of the employee to make a request for a representative. An employee's waiver of UNION representation shall be in writing.

26.6 Discharges will be preceded by a five (5) day suspension without pay.
26.7 Grievances relating to this article shall be initiated by the Union in Step 2 in the grievance procedure under Article 16.

ARTICLE 27. PERFORMANCE MANAGEMENT PROGRAM

Employees with one year of service shall receive performance pay as follows:

27.1 Organizational performance pay - The focus of the organizational performance pay is achievement of organization-wide goals as established by the City Council. On an annual basis, employees shall be awarded performance pay in the lump sum amount based on the grade achieved by the organization as follows: for a grade of 4.0, each employee will be awarded $100; for a grade of less than 4.0, the award will be pro-rated based on the actual percentage achieved (e.g., 3.8 grade is 95% of 4.0, so 95% of $100 = $95, 3.5 grade is 87.5% of 4.0, so 87.5% of $100 = $87.50, etc.)

27.2 Departmental performance pay - The focus of the departmental performance pay is achievement of department-wide goals and performance indicators as established and evaluated annually by a representative group of EMPLOYER, UNION and other Police Department employees. On an annual basis, employees shall be awarded performance pay in the lump sum amount based on the percentage of goals/indicators achieved by the department as follows: 100% achievement will be awarded 1.5% (one and one-half percent) of base pay; achievement less than 100% shall be pro-rated based on the actual percentage achieved (e.g., 97% achievement = 97% of 1.5% base pay; 92% achievement = 92% of 1.5% base pay, etc.)

27.3 Compensation for organizational and departmental performance pay will be paid in lump sums at the same time it is awarded to non-organized personnel. Adjustments in pay for overtime hours earned during the year to account for these performance payments will be paid at the end of the year.

ARTICLE 28. SEVERANCE PAY

28.1 To be eligible for severance pay, employees must be regular employees on the date of termination, and have a total of 10 years of continuous service as a regular employee. Severance pay is granted to eligible employees when they leave the municipal service in good standing for one of the following reasons:

28.11 Elimination of their classification or position by the City.

28.12 Separation from City employment when the employee is eligible, based on age and/or service requirements, for an annuity from the Public Employees Retirement Association whether or not the employee starts receiving those benefits.

28.13 Mandatory retirement or termination of employment due to health reasons, service-connected injury, or illness. A letter from a physician is required to indicate an employee’s inability to perform essential functions of the job.
28.2 Employees shall be entitled to severance pay equal to the greater of:

28.21 Four weeks of appropriate pay plus one additional week of appropriate pay for each year of service beyond 10 years, not to exceed a total of 13 weeks appropriate pay, or

28.22 One-third of the employee's accumulated sick leave at the appropriate pay rate.

28.3 Employees eligible for severance pay in accordance with Section 28.1 who submit a written notice of separation from City employment at least three months prior to that separation and who do not revoke it will receive the amount of severance pay pursuant to the policy plus an additional ten percent of that amount.

ARTICLE 29. DURATION

This AGREEMENT shall be effective as of December 14, 2018, and shall remain in full force and effect until December 23, 2021 or until a successor Agreement is reached, whichever is later.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT on this day of , 20169

FOR THE CITY OF MINNETONKA: FOR TEAMSTERS LOCAL 320 LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442)

___________________________   __________________________
Terry SchneiderBrad Wiersum, Mayor    Terry NeubergerRenee Zachman, Business Agent

___________________________   __________________________
Geralyn Barone, City Manager   _______Timothy Olson, Union Steward
The EMPLOYER and the UNION agree to the following base pay schedule. Employees shall be considered for a merit increase, based upon performance evaluations and the recommendations of the Chief and approval of the City Manager.

Step 1 = 80% of Step 4  
Step 2 = 87% of Step 4  
Step 3 = 93% of Step 4  
Step 5 = 102% of Step 4

### 2016 - Effective December 18, 2015

<table>
<thead>
<tr>
<th></th>
<th>STEP 1 (Start)</th>
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<th>STEP 4 (Three Year)</th>
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### 2017

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### 2018

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</table>
For 2017, the top Step 4 2016 base pay rate for Minnetonka Officers will be multiplied by the negotiated base pay increase. Using 2016 League of Minnesota Cities salary data for the cities of Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Lakeville, Maple Grove, Plymouth, St. Louis Park and Woodbury, the average weighted mean of these cities (excluding Minnetonka) will be multiplied by the negotiated base pay increase for 2015. These two rates will be compared, and the higher of the two will be the top Step 4 pay rate for Minnetonka.

The remaining steps will be adjusted to maintain rates at 80%, 87%, and 93% of the top Step 4 hourly rate.

This same process will be repeated using 2017 data to determine if there is a 2018 market adjustment with the addition of an adjustment Step 5 at 102% of the Step 4 hourly rate.

<table>
<thead>
<tr>
<th>Year</th>
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<th>STEP 3 (Two Year)</th>
<th>STEP 4 (Three Year)</th>
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<td>$32.98</td>
<td>$35.86</td>
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For 2019, the Step 4 2018 base pay rate for Minnetonka Officers will be multiplied by the negotiated base pay increase of one and one-half percent (1.50%). Using 2018 League of Minnesota Cities salary data for the cities of Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Lakeville, Maple Grove, Plymouth, St. Louis Park and Woodbury, the average weighted mean of these cities (excluding Minnetonka) will be multiplied by the negotiated base pay increase for 2019. These two rates will be compared, and the higher of the two will be the Step 4 pay rate for Minnetonka. The remaining steps will be adjusted to maintain rates at 80%, 87%, 93% and 102% of the Step 4 hourly rate.

For 2020, the Step 5 2019 base pay rate for Minnetonka Officers will be multiplied by the negotiated base pay increase of two percent (2.0%). Using 2019 League of Minnesota Cities salary data for the cities of Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Lakeville, Maple Grove, Plymouth, St. Louis Park and Woodbury, the median of the range shall be established by utilizing the top of wage range of these cities (excluding Minnetonka). The median of the range will be multiplied by the negotiated percent base pay increase for 2020. These two rates will be compared, and the higher of the two will be the Step 5 pay rate for Minnetonka. The remaining steps will be adjusted to maintain rates at 80%, 87%, 93% and 98% of the Step 5 hourly rate.

For all calculations, the reported LMC Salary data shall be used if a city has reported. If a city has not reported 2019 data by Sept. 1, the city of Minnetonka will contact that city directly to obtain the range of wage data. If after a reasonable amount of time has passed and the non-reporting city still has not responded to the request, then the union may assist with a shared responsibility to gather the necessary data. If a city cannot report due to negotiations or arbitration, the top of range calculation will be determined by taking the previously reported top step and multiplying by the negotiated percent base pay increase. Once the LMC survey data and market calculations are completed, a meeting shall be held to review the data and calculations.

The same process shall be used to establish a 2021 wage rate schedule and a Personal Growth Wage Calculation.

In accordance with Article 12, Personal Growth, the following rates have been calculated by using the 2019 wage scale established in Article A and multiplied by the personal growth incentives established in Article 12.29. The same process shall be used for 2020 and 2021.

<table>
<thead>
<tr>
<th>2019 Personal Growth Wage Calculation (Article 12)</th>
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<tr>
<td></td>
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<tr>
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<td>Base Hourly</td>
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<tr>
<td>6</td>
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<tr>
<td>7</td>
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</tbody>
</table>

*Rate applicable after 10 years of service
ADDENDUM II

The UNION and EMPLOYER recognize and agree that the EMPLOYER has granted increases in wages, pay differential, insurance and uniform allowance in lieu of the granting of longevity pay.
Article XVII, Section 17.10 reads as follows:

17.10 If, as a result of the written EMPLOYER's response in Step 3 the grievance remains unresolved and if the grievance involves the suspension, demotion, or discharge of an employee who has completed the required probationary period, the grievance may be appealed either to Step 4 of this Article or to another procedure such as Veterans Preference or fair employment. If appealed to any procedure other than Step 4 of this Article, the grievance shall not be subject to the arbitration procedure provided in Step 4 of this Article. The aggrieved employee shall indicate in writing which procedure is to be used-Step 4 of this Article or an alternative procedure-and shall sign a statement to the effect that the choice of an alternate procedure precludes the employee from making an appeal through Step 4 of this Article. The election set forth above shall not apply to claims subject to the jurisdiction of the United States Equal Employment Opportunity Commission.

The parties agree that should a court of competent jurisdiction rule contrary to EEOC v. Board of Governors of State Colleges and Universities, 957 F.2d 424 (7th Cir.), cert. denied, 506 U.S. 906, 113 S. Ct. 299 (1992), or if Board of Governors is judicially or legislatively overruled, the interpretation of the election of remedies clause specified in the last sentence of the previous paragraph will be deleted from the then current labor agreement between the City and the Union.
LABOR AGREEMENT

BETWEEN

CITY OF MINNETONKA

AND

LAW ENFORCEMENT LABOR SERVICES
(LOCAL NO. 442)

Representing:

POLICE OFFICERS

Effective December 14, 2018 through December 23, 2021
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<td>MEMORANDUM OF AGREEMENT</td>
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LABOR AGREEMENT BETWEEN
CITY OF MINNETONKA AND
LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442)

ARTICLE 1. PURPOSE OF AGREEMENT

This AGREEMENT is entered into as of December 14, 2018 between the CITY OF MINNETONKA, hereinafter called the EMPLOYER, and the LAW ENFORCEMENT LABOR SERVICES hereinafter called the UNION.

It is the intent and purpose of this AGREEMENT to:

1.1 Assure sound and mutually beneficial working and economic relationships between the parties hereto.

1.2 Establish procedures for the resolution of disputes concerning this AGREEMENT’S interpretation and/or application.

1.3 To set forth herein the basic and full agreement between the parties concerning rates of pay, hours, and other conditions of employment.

The EMPLOYER and the UNION through this AGREEMENT shall continue their dedication to the highest quality police service and protection to the residents of Minnetonka. Both parties recognize the AGREEMENT as a pledge of this dedication.

ARTICLE 2. RECOGNITION

The EMPLOYER recognizes the UNION as the exclusive representative for all employees in a unit certified by the State of Minnesota Bureau of Mediation Services in Case No. 19PRE0266 as:

All essential employees of the City of Minnetonka Police Department, Minnetonka, Minnesota, who are public employees within the meaning of Minnesota Statutes, §179A.03, Subd. 14, excluding supervisory and confidential employees. In the event the Employer and the UNION are unable to agree as to the inclusion or exclusion of a new or modified job class, the issue shall be submitted to the Minnesota Bureau of Mediation Services for determination.
ARTICLE 3. DEFINITIONS

3.1 UNION means LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.2 UNION MEMBER means a member of LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.3 EDUCATIONAL CREDIT means a credit from an accredited institution.

3.4 EMPLOYEE means a member of the bargaining unit as defined in Article II.

3.5 DEPARTMENT means the Minnetonka Police Department.

3.6 EMPLOYER means the City of Minnetonka.

3.7 CHIEF means the Chief of the Minnetonka Police Department.

3.8 COMPENSATORY TIME is time off in lieu of pay.

3.9 UNION OFFICER means officers elected or appointed by LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442).

3.10 BASIC HOURLY RATE means the employee's hourly rate as shown in Exhibit A plus any assignment pay differential to which the employee may be entitled pursuant to paragraph 9.2. For purposes of computing the Basic Hourly Rate the monthly assignment pay differential shall be divided by 173.33 before being added to the employee's hourly rate from Exhibit A.

3.11 EMERGENCY means a situation or condition so defined by the Minnetonka Police Chief or designee.

3.12 SCHEDULED WORK DAY means a scheduled consecutive work period including rest breaks and meal break.

3.13 SHIFT means an employee's scheduled work days and days off.

ARTICLE 4. DISCRIMINATION

Neither the EMPLOYER nor the UNION shall discriminate against any employee covered by the AGREEMENT because of their membership or non-membership in the UNION.

ARTICLE 5. EMPLOYER SECURITY

The UNION and employees of the Minnetonka Police Department agree that during the life of this AGREEMENT, they will not cause, encourage, participate in or support any strike. Violations of this Article shall be grounds for disciplinary action up to and including discharge without recourse to the grievance procedure of this contract.
ARTICLE 6. EMPLOYER AUTHORITY

6.1 The EMPLOYER and the UNION agree that certain hours, salaries, and conditions of employment are established by City ordinances, City resolutions, and rules and regulations of the Minnetonka Police Department. This AGREEMENT supplements hours, salaries, and other conditions of employment to the extent to which they are not in conflict. If in conflict, the law, ordinance, resolution, rule or regulation shall prevail as long as it is consistent with the Public Employees Labor Relations Act.

6.2 The UNION recognizes the prerogative of the EMPLOYER to operate and manage its affairs in all respects in accordance with existing and future laws and regulations of the appropriate authorities including municipal personnel policies and work rules. The prerogatives or authority which the EMPLOYER has not officially abridged, delegated or modified by this AGREEMENT are retained by the EMPLOYER, such as, but not limited to:

6.21 Direct employees.

6.22 Hire, promote, transfer, assign, retain employees in positions and to suspend, demote, discharge or take disciplinary action against employees.

6.23 Relieve employees from duties because of lack of work or other legitimate reasons.

6.24 Maintain the efficiency of the City operations.

6.25 Determine the methods, means, job classifications and personnel by which such operations are to be conducted.

6.26 Take whatever actions may be necessary to carry out the missions of the agency in situations of emergency.

6.27 Determine reasonable schedules of work and establish the methods and processes by which such work is performed.

ARTICLE 7. SPECIAL MEETINGS

The EMPLOYER and the UNION agree to meet and confer on matters of interest to both parties upon the request of either party. Special meetings shall be held within ten (10) calendar days after receipt of the request. Employee representatives of the UNION will not be paid extra compensation, if the meeting is called by the UNION. Compensation on a straight-time basis shall be paid to the representatives of the UNION, if the meeting is called by the EMPLOYER and if the UNION representatives are called in the meeting during off-duty hours and if so paid, not to exceed three (3) hours of their regular hourly rate of pay computed on a straight-time basis.
ARTICLE 8. HOURS OF WORK

The normal work week in the Police Department is an averaged forty (40) hours.

ARTICLE 9. WAGES AND SALARIES

9.1 The rates of pay are set forth in Exhibit A, attached hereto and made a part thereof.

9.2 Employee assignments are made at the sole discretion of the Chief of Police. Employees in the following assignments shall be paid a differential as specified below:

Detective and School Liaison................................. $340/month in 2019, $370/month in 2020, $400/month in 2021
Canine..................................................................................................$150/mo
Field Training Officer........................................... $3.20/hour in 2019, $3.40/hour in 2020, and $3.60/hour in 2021.
(when performing assigned Field Training Officer duties)

An employee assigned special duties under the Professional Development Program not listed above and who is no longer eligible for holiday pay pursuant to Sections 14.1 and 14.3 of this agreement shall be paid a differential of $135.00 per month for the duration of the assignment unless otherwise specified in this agreement.

9.3 Employees shall be compensated for the assignments listed in 9.2 which are greater than one month in duration and shall be eligible for assignment pay differential only when serving in an assignment. Employees shall only be eligible for pay differential in one assignment at a time.

9.4 The Chief of Police has exclusive authority to assign employees and equipment; and to develop, manage, and terminate assignments. Assignments are not permanent or promotional and may be revoked at the sole discretion of the Chief of Police.

ARTICLE 10. ADDITIONAL HOURS

10.1 Hours worked in excess of scheduled workday within a 24-hour period shall be compensated at one and one-half (1½) times the employee’s basic hourly rate of pay. A change of scheduled work day within a 24-hour period does not qualify for overtime. In lieu of being compensated for overtime in cash, the employee may accrue compensatory time. The employee may use that compensatory time after obtaining the approval of their immediate supervisor and the Chief of Police. Such compensatory time will be computed at the rate of one and one-half (1½) hours off
for every hour of overtime worked. Overtime is to be calculated to the nearest 15 minutes. Changes in shift mutually agreed upon do not qualify an Employee for overtime, unless the time is greater than the scheduled workday.

10.2 Court Time - Employees who are required at the direction of the City Attorney, County Attorney, the Attorney General's Office, or other appropriate authority, to appear in court during off duty hours shall receive a minimum of two and one-half (2½) hours of pay at one and one half (1½) times their normal basic hourly rate of pay either in cash or in compensatory time, at the option of the Employee.

10.21 Reporting early for a scheduled work day or an extension of a work day for court duty does not qualify for this minimum.

10.22 EMPLOYEES who are required to standby for court appearances shall receive a minimum of two and one half (2½) hours straight time either in cash or compensatory time, for all time they are directed to standby. If notification of court cancellation is not given by 5:00 p.m. of the preceding business day, the employee will receive two and one-half (2½) hours pay at their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the employee.

10.23 If a court appearance is required of an employee during the employee's off-duty time and the court appearance is canceled, the employee will be given notice of cancellation by 5:00 p.m. of the preceding business day. If notification is not given by 5:00 p.m. of the preceding business day, the employee will receive two and one-half (2½) hours pay at one and one-half (1½) times their normal basic hourly rate of pay either in cash or in compensatory time, at the option of the employee.

10.3 Call Back Time. Employees who are called back to duty during off duty hours shall receive a minimum of two (2) hours pay at one and one half (1½) times their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the Employee.

10.31 Employees called back for unscheduled, scheduled work day changes within a 48 hour period shall receive two (2) hours of pay at one and one-half (1½) times their normal basic hourly rate of pay, either in cash or in compensatory time, at the option of the Employee.

10.32 An extension of, or early reporting for, a scheduled work day, does not qualify for callback time minimum if that time is paid as overtime.

10.4 Additional duty time provided for in this Article shall not be pyramided, compounded, or paid twice for the same hours.
ARTICLE 11. UNIFORMS

11.1 Detective

a. Clothing damaged in the line of duty through no fault of the employee shall be replaced or repaired by the EMPLOYER at the discretion of the Chief.

11.2 The EMPLOYER shall provide each employee, other than those assigned as detectives, with a complete uniform and shall provide replacement for elements of the uniform as necessary. The EMPLOYER shall provide regular maintenance of uniforms for employees assigned to patrol responsibilities. The components of uniforms, procedures for provision and replacement of the uniform and maintenance of uniforms shall be governed by policies established by the EMPLOYER which may be modified at the EMPLOYER’S sole discretion.

11.3 The EMPLOYER shall provide each employee with a City-owned approved service firearm and shall pay the cost of normal maintenance and repair of the service firearm.

11.4 The UNION and EMPLOYER agreed to eliminate the uniform allowance in lieu of modifications to Article 9, 9.2, Detective pay.

ARTICLE 12. PERSONAL GROWTH

12.1 This Incentive Pay Program is a voluntary program designed to promote personal growth and performance for all employees. It provides opportunities for employees to earn additional compensation for program components such as education degree/training, community service, wellness/fitness and a skill assessment. All compensation, including payment for overtime hours earned during the year, for this program will be paid in a lump sum payment at the end of the year. On an annual basis, employees may choose to receive incentive pay by participating in the Education Degree component described in Article 12.21, and/or any three of the remaining components. Since the program is voluntary, employees will not be compensated for off duty time in which they are involved in or preparing for components of the program.

12.2 Listed below is a summary of the requirements for receiving additional compensation for each of the components of the Incentive Pay Program. The actual details on the implementation and administration of the program will be part of an administrative policy. The EMPLOYER agrees to meet and confer with the UNION on the development of the administrative policy which will outline the details of these program components.
12.21. Education Degree - After successful completion of the one-year probationary period outlined in Section 17.2, employees with a Bachelor's or Master's degree from an accredited institution in a work related field are eligible to receive 2.0% of base pay in additional compensation. Employees who successfully complete the probationary period will be paid retroactively for the time during the probationary period when they otherwise would have qualified for this additional compensation at the rate of pay in effect for that time period.

12.22. Ongoing education/training- employees with two years of service who demonstrate a commitment to continued education/training are eligible to receive 2.0% of base pay in additional compensation. This can be accomplished by annually taking and successfully completing a minimum of two college courses (six credits) in a job related field from an accredited institution of higher learning; or receiving a minimum of 14 Peace Officer Standards and Training (POST) credits per year above the normal licensing requirements. College courses and training sessions must be attended on off duty time and be pre-approved by the Chief of Police.

12.23 Community Service - Employees with two years of service who are actively involved in an outside community service activity are eligible to receive 2.0% of base pay in additional compensation. Community Service activities must be pre-approved by the Chief of Police and employees must provide evidence of participation in the activity in the amount of not less than 50 hours for the calendar year.

12.24 Skill Assessment - Employees with one year of service who receive a passing score on an annual written skill assessment, are eligible to receive 2.0% of base pay in additional compensation. The skill assessment will be based on information from the Department Policy and Procedures manual, Criminal Code, City ordinances, traffic laws, EMT manual and IACP training keys, and be designed to test subject matters related to the performance of the employees' jobs. The 50 question skill assessment will be developed and administered under the direction of the Chief of Police and a score of 75% is considered passing.

12.25 Wellness/Fitness - Employees with two years of service who make substantial progress on personalized wellness/fitness goals are eligible to receive 2.0% of base pay in additional compensation. Each employee who chooses to participate in this program will receive a personalized wellness/fitness profile with stated goals to maintain or improve their overall health. The program will be administered by the Chief and will be in compliance with all local, state and federal laws governing discrimination based on gender, race, or age. Employees will be evaluated for compliance with the goals a minimum of every two years, and more frequently if factors warrant.

12.26 Special assignments - Employees with two years of service who are on the annual active assignment list established by the Employer to serve in one or more of the following training assignments, or other special assignments as
agreed upon by both the Employer and Union, are eligible to receive a maximum of 2.0% of base pay in additional compensation:

Field Training Officer       Reserve Unit Coordinator
Firearms Trainer            Explorer Post Advisor
Use of Force Trainer        Crisis Negotiator
Swat Team Member            Crisis after Care

12.27 Organizational Awareness - Employees with two years of service who participate in at least 14 hours of off-duty time of Employer-designated and authorized training regarding specific City department or public safety support functions are eligible to receive 2.0% of base pay in additional compensation. Examples of the functions in Section 12.26 include, but are not necessarily limited to, fire, legal, planning, inspections and paramedic services.

12.28 Beginning on December 16, 2016 employees who have successfully completed ten years of service have an opportunity to participate in one additional program component under article 12.2 of their choice. Employees may choose to receive incentive pay by participating in the Education Degree component described in Article 12.21, and/or any four of the remaining components described in Articles 12.22 to 12.27. The fourth program component selected for participation will be worth 2% of base pay in additional compensation.

Employees eligible under Article 12.28 who participate in Article 12.26 Special Assignments will be eligible to count their participation in any current assignment as part of Article 12.2 Personal Growth and apply any other previously completed 2 year Special Assignment listed under Article 12.26 or listed under Article 9.2 for eligibility of the fourth additional component under Article 12.28.

Since the program is voluntary, employees will not be compensated for off duty time in which they are involved in or preparing for components of the program.

12.29 The negotiated base pay rate listed in Exhibit A shall be increased by the percentages listed in each corresponding Article of 12.21 – 12.28 according to the following Personal Growth Wage Calculation Methodology.

<table>
<thead>
<tr>
<th>Personal Growth Calculation Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hourly Base Rate</strong></td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>1 Degree 2%</td>
</tr>
<tr>
<td>2 Incentive Program (No Education degree) 2%</td>
</tr>
<tr>
<td>3 Incentive Program AND Degree 4%</td>
</tr>
<tr>
<td>4 Incentive Programs (No Education degree) 8%</td>
</tr>
<tr>
<td>5 Incentive Programs AND Degree 8%</td>
</tr>
<tr>
<td>6 Incentive Programs (No Education degree) 8%</td>
</tr>
<tr>
<td>7 Incentive Programs AND Degree 10%</td>
</tr>
</tbody>
</table>

*Rate applicable after 10 years of service.
Employees shall qualify for the qualification level annually by October 31 and the corresponding rate (step and qualification incentive level) shall begin on the first payroll of the following year. If an employee does not qualify for one or more of the personal growth programs, the corresponding qualification level rate will be removed on the first payroll of the following year.

Employees that completed Personal Growth programs in 2018 shall be immediately eligible for the new qualified rates. Employees that meet the requirements of the Education Degree (12.21) program shall be immediately eligible for the new qualified rate for that component.

ARTICLE 13. LIABILITY INSURANCE

The EMPLOYER shall procure and maintain a policy of commercial general liability insurance, including errors and omissions, at its expense, insuring employees from all claims covered by such policy or policies in the sum of $2,000,000 per occurrence.

ARTICLE 14. HOLIDAYS

14.1 Employees assigned to uniformed patrol duties shall receive 10 days pay in lieu of holidays or eight hours of compensatory time for each below listed holiday. Employees shall also receive two (2) "Floating Holidays" which may be taken as a holiday on any day throughout the year at the election of the employee with the approval of the Police Chief.

14.2 All other EMPLOYEES shall receive the following days off:

- New Year's Day: January 1
- Martin Luther King's Birthday: Third Monday in January
- Presidents Day: Third Monday in February
- Memorial Day: Last Monday in May
- Independence Day: July 4
- Labor Day: First Monday in September
- Veterans Day: November 11
- Thanksgiving Day: Fourth Thursday in November
- Day after Thanksgiving: Thanksgiving Friday
- Christmas Day: December 25

provided when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on a Sunday the following day shall be a holiday, and provided, when New Year's Day, January 1; or Independence Day, July 4; or Veterans Day, November 11; or Christmas Day, December 25; falls on Saturday, the preceding day shall be a holiday. Two (2) additional days shall be known as "Floating Holidays" and may be taken as a holiday on any day throughout the year at the election of the Employee with the approval of the Police Chief.
14.3 Employees who are required to work on an actual holiday shall be paid at time and one half (1½) their base hourly wage rate for all of the hours of any shift that begins on a listed holiday.

ARTICLE 15. VACATIONS

15.1 For those regular full-time employees hired prior to January 1, 1998, vacation shall accrue according to the following schedule:

<table>
<thead>
<tr>
<th>Continuous Years of Service</th>
<th>Number of Vacation Hours Earned Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>80</td>
</tr>
<tr>
<td>6 - 15</td>
<td>120</td>
</tr>
<tr>
<td>16 - 20</td>
<td>160</td>
</tr>
<tr>
<td>21+</td>
<td>200</td>
</tr>
</tbody>
</table>

15.11 For those regular full-time employees hired on or after January 1, 1998, vacation shall accrue according to the following schedule:

<table>
<thead>
<tr>
<th>Continuous Years of Service</th>
<th>Number of Vacation Hours Earned Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 5</td>
<td>80</td>
</tr>
<tr>
<td>6 - 10</td>
<td>120</td>
</tr>
<tr>
<td>11</td>
<td>128</td>
</tr>
<tr>
<td>12</td>
<td>136</td>
</tr>
<tr>
<td>13</td>
<td>144</td>
</tr>
<tr>
<td>14</td>
<td>152</td>
</tr>
<tr>
<td>15 and on</td>
<td>160</td>
</tr>
</tbody>
</table>

15.2 Employees may accrue vacation leave not to exceed the following based on the employee's rate of vacation earned.

<table>
<thead>
<tr>
<th>Rate of Vacation Earned</th>
<th>Maximum hours of accrued vacation leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>80 hours per year</td>
<td>200 hours</td>
</tr>
<tr>
<td>120 hours per year</td>
<td>225 hours</td>
</tr>
<tr>
<td>128 - 160 hours per year</td>
<td>250 hours</td>
</tr>
<tr>
<td>200 hours per year</td>
<td>275 hours</td>
</tr>
</tbody>
</table>

No employee shall be permitted to waive vacation leave for the purpose of receiving double pay.
ARTICLE 16. GRIEVANCE PROCEDURE

16.1 This grievance procedure is established for the purpose of resolving disputes involving the interpretation and/or application of this AGREEMENT.

16.2 Employees with a grievance may choose to be represented by the UNION.

16.3 The EMPLOYER will recognize UNION members selected by the UNION as the grievance representatives of the bargaining unit. The UNION shall notify the EMPLOYER in writing of the representative and of their successors when so named.

16.4 A grievance is defined as a dispute over the interpretation or application of this AGREEMENT.

16.5 Grievances shall be resolved in the following manner:

Step 1. An Employee claiming a violation concerning the interpretation or application of this AGREEMENT shall within ten (10) business days after such alleged violation present such grievance in writing, citing the portion of the contract violated and the suggested resolution to the employee’s immediate supervisor designated by the EMPLOYER. The EMPLOYER shall give a final answer in such Step 1 grievance within ten (10) business days. If a grievance is not resolved in Step 1, such grievance shall be placed in writing by the UNION and referred to Step 2, within ten (10) business days after the EMPLOYER’S final answer in Step 1.

Step 2. The written grievance shall be presented to the Minnetonka Chief of Police by the UNION. The Chief of Police shall give the employee the EMPLOYER’S Step 2 answer within ten (10) business days after receipt of such Step 2 grievance. If a grievance is not resolved in Step 2, such grievance shall be referred to Step 3 within ten (10) business days following the EMPLOYER’S final Step 2 answer.

Step 3. The written grievance shall be presented to the City Manager or another designated EMPLOYER representative by the UNION. The City Manager or other EMPLOYER representative shall give the EMPLOYER’S answer within fifteen (15) business days after receipt of such Step 3 grievance. If a grievance is not resolved in Step 3, such grievance shall be referred to Step 4 by the UNION within ten (10) business days following the EMPLOYER’S final Step 3 answer.

Step 4. Unresolved grievances are subject to the arbitration provisions of Minnesota Statutes, Section 179A.21. The arbitrator shall have no right to amend, modify, nullify, ignore, add to, or subtract from the provision of this AGREEMENT. The arbitrator shall consider and decide only the specific issue submitted in writing by the EMPLOYER and the UNION and shall have no authority to make a decision on any other issue. The arbitrator shall be without power to make decisions contrary to or
inconsistent with or modifying or varying in any way the application of laws, rules or regulations having the force and effect of law. The arbitrator shall submit a decision in writing within thirty (30) days following close of the hearing or the submission of briefs by the parties, whichever is later, unless the parties agree to an extension. The decision shall be based solely upon the arbitrator's interpretation or application of the express terms of this AGREEMENT and on the facts of the grievance presented.

16.6 All documents, communications and records dealing with a grievance shall be filed separately from the personnel files of the involved employee(s).

16.7 Any grievance not referred in the prescribed manner by the UNION or the employee within the specified time limits stated for each grievance step shall be considered waived.

16.8 The time limits established in the article may be extended by mutual consent of the EMPLOYER and the UNION and shall be in writing.

16.9 All fees and expenses for the arbitrator's service and proceedings shall be borne equally by the EMPLOYER and the UNION provided that each party shall be responsible for compensating its own representatives and witnesses. If either party desires a verbatim record of the proceedings, it may cause such a record to be made, providing it pays for the record. If both parties desire a verbatim record of the proceedings the cost shall be charged equally.

16.10 If, as a result of the written EMPLOYER's response in Step 3 the grievance remains unresolved and if the grievance involves the suspension, demotion, or discharge of an employee who has completed the required probationary period, the grievance may be appealed either to Step 4 of this Article or to another procedure such as Veterans Preference or fair employment. If appealed to any procedure other than Step 4 of this Article, the grievance shall not be subject to the arbitration procedure provided in Step 4 of this Article. The aggrieved employee shall indicate in writing which procedure is to be used-Step 4 of this Article or an alternative procedure-and shall sign a statement to the effect that the choice of an alternate procedure precludes the employee from making an appeal through Step 4 of this Article. The election set forth above shall not apply to claims subject to the jurisdiction of the United States Equal Employment Opportunity Commission.

ARTICLE 17. SENIORITY

17.1 Seniority shall be determined by the Employee's length of continuous employment with the Police Department. Seniority rosters may be maintained by the Chief on the basis of time in grade and time within specific classifications.

17.2 All original appointments shall be probationary and subject to a probationary period of 2080 hours after appointment. All promotional appointments shall be probationary and subject to a probationary period of 1040 hours. Any extended leave will extend
the probationary period by the amount of the leave. During the probationary period, the City may remove an employee whose performance does not meet the required work standards. Such removals are not subject to ARTICLE 26.

17.3 A reduction of the work force will be accomplished on the basis of seniority. Employees shall be recalled from layoff on the basis of seniority. An employee on layoff shall have an opportunity to return to work within two years of the time of the employee's layoff before any new employee is hired. Employees promoted to the police supervisors' bargaining unit shall retain bumping rights in the police officers' bargaining unit in lieu of layoff based on the employee's length of continuous employment. In the event of layoff in the supervisors' bargaining unit, an employee may bump the least senior police officer in lieu of layoff.

17.4 Seniority will be considered along with other pertinent operational factors in assigning overtime, holiday work, and vacation selection.

17.5 Patrol Officers will bid shifts by seniority

ARTICLE 18. LOSS OF SENIORITY

18.1 Employees shall lose their seniority for the following reasons:

a. Discharge, if not reversed.

b. Resignation.

c. Unexcused failure to return to work after expiration of a vacation or formal leave of absence, provided that Employees shall be given an opportunity to provide a reasonable explanation for such failure to return to work.

d. Retirement.

ARTICLE 19. INSURANCE

19.1 Health

For each benefit earning employee electing health insurance coverage through the EMPLOYERS sponsored cafeteria benefits program, the EMPLOYER'S monthly contribution toward the employee's benefits program is nine hundred eighty five ($985) for those electing Single Coverage, one thousand one hundred fifteen ($1,115) for Employee plus Spouse; one thousand two hundred fifty ($1,250) for Employee plus Chid(ren) Coverage; or one thousand two hundred ninety dollars and fifty cents ($1,290.50) for Family Coverage in plan year 2019.

Each benefit earning employee electing health insurance coverage through the EMPLOYER sponsored cafeteria benefits program and who participates in the
EMPLOYER sponsored health initiative program receives $100 per month. Each benefit-earning employee who opts out of the Employer sponsored cafeteria benefits program who participates in the employer-sponsored health initiative program receives $50 per month in plan year.

The insurance article is open for negotiations in 2020 and 2021.

19.2 Life

The EMPLOYER agrees to pay the full cost of a $35,000 life insurance policy for each officer covered by this AGREEMENT. The insurance is to be the type that may be picked up on the option of the officer upon retirement or termination of employment and will cover the officer on or off duty in accordance with MN Statute 61A.092.

19.3 Long Term Disability Insurance Language

The EMPLOYER will provide employees with Long Term Disability Insurance provided that a sufficient number of employees enroll to meet the insurer’s eligibility requirements. The cost of the insurance will be paid through deductions in each employee’s accrued sick leave account of hours of time sufficient to provide for the payment of premiums.

19.4 In the event the health insurance provisions of this Agreement fail to meet the requirements of the Affordable Care Act and its related regulations or cause the Employer to be subject to a penalty, tax or fine, the Union and Employer will meet immediately to bargain over alternate provisions.

ARTICLE 20. SICK LEAVE

20.1 Employees shall earn eight hours of sick leave for each month of employment. Sick leave may be used only to the extent that it is earned. Sick Leave shall be authorized in cases of necessity or actual illness in accordance to MN Statute 181.9413, City Policy, and Department Policy.

20.2 Sick leave may be used for absences due to an illness, injury, or hospitalization of the employee, employee's minor child, adult child, spouse, sibling, parent, in-law, grandchild, grandparent, or stepparent. Employees may also request use of sick leave for the serious illness, injury or hospitalization for members of immediate family not included above, which may be granted at the discretion of the employer.

20.3 A maximum of three days sick leave may be taken in the event of death in the employee’s immediate family. An additional seven days of sick leave may be taken upon written approval of the EMPLOYER.

20.4 Each employee may donate up to two (2) days of accrued sick leave per year to other employee in accordance with the Administrative Policy.
ARTICLE 21. INJURED ON DUTY LEAVE

All employees certified by their physicians as unable to work because of a work related injury shall be entitled to Injured on Duty Leave up to a maximum of 1,040 working hours from the date of injury. Thereafter, the employee must use accumulated sick leave. Any Worker's Compensation benefits for lost time or wages paid to the injured employee while using Injured on Duty or Sick Leave shall be paid to the City. If it is determined by a medical provider acceptable to the city that an employee has a permanent injury that will not allow the employee to return to work, the injury on duty benefit terminates and thereafter accrued sick leave must be used. Injured on Duty shall not be provided to employees who fail to comply with procedures required by the EMPLOYER for reporting work related injuries.

ARTICLE 22. DUES CHECK OFF

The EMPLOYER shall deduct each payroll period an amount sufficient to provide the payment of regular dues established by the UNION from the wages of all employees authorizing such deduction in writing, and remit such deductions to the appropriate officer designated by the UNION. The UNION agrees to indemnify and hold the City of Minnetonka harmless against any and all claims, suits, order or judgment's brought or issued against the City as a result of any action taken or not taken by the City under the provisions of this Article.

ARTICLE 23. TRAINING LEAVE

Employees may be granted up to forty (40) hours uncompensated leave time annually to attend professional law enforcement training beyond requirements for POST licensing with the prior approval of the Police Chief. Such leave time shall be considered hours worked for purposes of computing sick leave accumulation, vacation accumulation, and for insurance eligibility.

ARTICLE 24. POST LICENSE FEE

EMPLOYER will pay for each Employee the license fee for that license required by M.S.A. 626.846, Subdivision 1.

ARTICLE 25. SAVINGS CLAUSE

This AGREEMENT is subject to the laws of the United States, the State of Minnesota and the signed municipality. In the event any provisions of this AGREEMENT shall be held to be contrary to law by a court of competent jurisdiction from whose final judgment or decree no appeal has been taken within the time provided, such provisions shall be voided. To the extent of a provision of the contract is declared to be contrary to law by a court of final jurisdiction or administrative ruling or is in violation of legislation or administrative regulations,
said provision shall be voided and of no effect. All other provisions shall continue in full force and effect. The voided provision may be renegotiated at the request of either party.

ARTICLE 26. DISCIPLINE

26.1 The EMPLOYER will discipline, suspend or discharge employees only for just cause. Discipline may be in one or more of the following forms:

a. Oral Reprimand;
b. Written Reprimand;
c. Suspension;
d. Demotion; or
e. Discharge

26.2 Suspensions, demotions, and discharges will be in written form.

26.3 Written reprimands, notices of suspensions, and notice of discharge, which are to become part of an employee's personnel file, shall be read and acknowledged by signature of the employee. Employees will receive a copy of such reprimand and/or notices.

26.4 Employees may examine their own individual personnel files at reasonable times and under the direct supervision of the EMPLOYER.

26.5 An employee who is subject of an investigation that may result in a disciplinary action to that employee may have a member of the UNION present during questioning. It will be the responsibility of the employee to make a request for a representative. An employee's waiver of UNION representation shall be in writing.

26.6 Discharges will be preceded by a five (5) day suspension without pay.

26.7 Grievances relating to this article shall be initiated by the Union in Step 2 in the grievance procedure under Article 16.

ARTICLE 27. PERFORMANCE MANAGEMENT PROGRAM

Employees with one year of service shall receive performance pay as follows:

27.1 Organizational performance pay - The focus of the organizational performance pay is achievement of organization-wide goals as established by the City Council. On an annual basis, employees shall be awarded performance pay in the lump sum amount based on the grade achieved by the organization as follows: for a grade of 4.0, each employee will be awarded $100; for a grade of less than 4.0, the award will be pro-rated based on the actual percentage achieved (e.g., 3.8 grade is 95% of 4.0, so 95% of $100 = $95, 3.5 grade is 87.5% of 4.0, so 87.5% of $100 = $87.50, etc.)
27.2 Departmental performance pay - The focus of the departmental performance pay is achievement of department-wide goals and performance indicators as established and evaluated annually by a representative group of EMPLOYER, UNION and other Police Department employees. On an annual basis, employees shall be awarded performance pay in the lump sum amount based on the percentage of goals/indicators achieved by the department as follows: 100% achievement will be awarded 1.5% (one and one-half percent) of base pay; achievement less than 100% shall be pro-rated based on the actual percentage achieved (e.g., 97% achievement= 97% of 1.5% base pay; 92% achievement= 92% of 1.5% base pay, etc.)

27.3 Compensation for organizational and departmental performance pay will be paid in lump sums at the same time it is awarded to non-organized personnel. Adjustments in pay for overtime hours earned during the year to account for these performance payments will be paid at the end of the year.

ARTICLE 28. SEVERANCE PAY

28.1 To be eligible for severance pay, employees must be regular employees on the date of termination, and have a total of 10 years of continuous service as a regular employee. Severance pay is granted to eligible employees when they leave the municipal service in good standing for one of the following reasons:

28.11 Elimination of their classification or position by the City.

28.12 Separation from City employment when the employee is eligible, based on age and/or service requirements, for an annuity from the Public Employees Retirement Association whether or not the employee starts receiving those benefits.

28.13 Mandatory retirement or termination of employment due to health reasons, service-connected injury, or illness. A letter from a physician is required to indicate an employee’s inability to perform essential functions of the job.

28.2 Employees shall be entitled to severance pay equal to the greater of:

28.21 Four weeks of appropriate pay plus one additional week of appropriate pay for each year of service beyond 10 years, not to exceed a total of 13 weeks appropriate pay, or

28.22 One-third of the employee’s accumulated sick leave at the appropriate pay rate.

28.3 Employees eligible for severance pay in accordance with Section 28.1 who submit a written notice of separation from City employment at least three months prior to that separation and who do not revoke it will receive the amount of severance pay pursuant to the policy plus an additional ten percent of that amount.
ARTICLE 29. DURATION

This AGREEMENT shall be effective as of December 14, 2018, and shall remain in full force and effect until, December 23, 2021 or until a successor Agreement is reached, whichever is later.

IN WITNESS WHEREOF, the parties hereto have executed this AGREEMENT on this day of , 2019

FOR THE CITY OF MINNETONKA: FOR LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442)

___________________________   __________________________
Brad Wiersum, Mayor    Renee Zachman, Business Agent

___________________________   __________________________
Geralyn Barone, City Manager    Timothy Olson, Union Steward
The EMPLOYER and the UNION agree to the following base pay schedule. Employees shall be considered for a merit increase, based upon performance evaluations and the recommendations of the Chief and approval of the City Manager.

<table>
<thead>
<tr>
<th>Year</th>
<th>STEP 1 (Start)</th>
<th>STEP 2 (One Year)</th>
<th>STEP 3 (Two Year)</th>
<th>STEP 4 (Three Year)</th>
<th>STEP 5 (15th Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>Annual $65,956.80</td>
<td>$71,739.20</td>
<td>$76,689.60</td>
<td>$82,451.20</td>
<td>$84,094.40</td>
</tr>
<tr>
<td></td>
<td>Hourly $31.71</td>
<td>$34.49</td>
<td>$36.87</td>
<td>$39.64</td>
<td>$40.43</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>STEP 1 (Start)</th>
<th>STEP 2 (One Year)</th>
<th>STEP 3 (Two Year)</th>
<th>STEP 4 (Three Year)</th>
<th>STEP 5 (15th Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Annual $67,267.20</td>
<td>$73,153.60</td>
<td>$78,208.00</td>
<td>$84,094.40</td>
<td>$85,779.20</td>
</tr>
<tr>
<td></td>
<td>Hourly $32.34</td>
<td>$35.17</td>
<td>$37.59</td>
<td>$40.42</td>
<td>$41.24</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>STEP 1 (Start)</th>
<th>STEP 2 (One Year)</th>
<th>STEP 3 (Two Year)</th>
<th>STEP 4 (Three Year)</th>
<th>STEP 5 (15th Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Annual $68,619.20</td>
<td>$74,630.40</td>
<td>$79,768.00</td>
<td>$85,779.20</td>
<td>$87,484.80</td>
</tr>
<tr>
<td></td>
<td>Hourly $32.98</td>
<td>$35.86</td>
<td>$38.33</td>
<td>$41.22</td>
<td>$42.06</td>
</tr>
</tbody>
</table>

For 2019, the Step 4 2018 base pay rate for Minnetonka Officers will be multiplied by the negotiated base pay increase of one and one-half percent (1.50%). Using 2018 League of Minnesota Cities salary data for the cities of Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Lakeville, Maple Grove, Plymouth, St. Louis Park and Woodbury, the average weighted mean of these cities (excluding Minnetonka) will be multiplied by the negotiated base pay increase for 2019. These two rates will be compared, and the higher of the two will be the Step 4 pay rate for Minnetonka.

The remaining steps will be adjusted to maintain rates at 80%, 87%, 93% and 102% of the Step 4 hourly rate.
For 2020, the Step 5 2019 base pay rate for Minnetonka Officers will be multiplied by the negotiated base pay increase of two percent (2.0%). Using 2019 League of Minnesota Cities salary data for the cities of Brooklyn Park, Burnsville, Eagan, Eden Prairie, Edina, Lakeville, Maple Grove, Plymouth, St. Louis Park and Woodbury, the median of the range shall be established by utilizing the top of wage range of these cities (excluding Minnetonka). The median of the range will be multiplied by the negotiated percent base pay increase for 2020. These two rates will be compared, and the higher of the two will be the Step 5 pay rate for Minnetonka.

The remaining steps will be adjusted to maintain rates at 80%, 87%, 93% and 98% of the Step 5 hourly rate.

For all calculations, the reported LMC Salary data shall be used if a city has reported. If a city has not reported 2019 data by Sept. 1, the city of Minnetonka will contact that city directly to obtain the range of wage data. If after a reasonable amount of time has passed and the non-reporting city still has not responded to the request, then the union may assist with a shared responsibility to gather the necessary data. If a city cannot report due to negotiations or arbitration, the top of range calculation will be determined by taking the previously reported top step and multiplying by the negotiated percent base pay increase. Once the LMC survey data and market calculations are completed, a meeting shall be held to review the data and calculations.

The same process shall be used to establish a 2021 wage rate schedule and a Personal Growth Wage Calculation.

In accordance with Article 12. Personal Growth, the following rates have been calculated by using the 2019 wage scale established in Article A and multiplied by the personal growth incentives established in Article 12.29. The same process shall be used for 2020 and 2021.

<table>
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<th>2019 Personal Growth Wage Calculation (Article 12)</th>
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*Rate applicable after 10 years of service

ADDENDUM II

The UNION and EMPLOYER recognize and agree that the EMPLOYER has granted increases in wages, pay differential, insurance and uniform allowance in lieu of the granting of longevity pay.
MEMORANDUM OF AGREEMENT
BETWEEN
THE CITY OF MINNETONKA
AND
LAW ENFORCEMENT
LABOR SERVICES (LOCAL NO. 442)

Article XVII, Section 17.10 reads as follows:

17.10 If, as a result of the written EMPLOYER's response in Step 3 the grievance remains unresolved and if the grievance involves the suspension, demotion, or discharge of an employee who has completed the required probationary period, the grievance may be appealed either to Step 4 of this Article or to another procedure such as Veterans Preference or fair employment. If appealed to any procedure other than Step 4 of this Article, the grievance shall not be subject to the arbitration procedure provided in Step 4 of this Article. The aggrieved employee shall indicate in writing which procedure is to be used-Step 4 of this Article or an alternative procedure-and shall sign a statement to the effect that the choice of an alternate procedure precludes the employee from making an appeal through Step 4 of this Article. The election set forth above shall not apply to claims subject to the jurisdiction of the United States Equal Employment Opportunity Commission.

The parties agree that should a court of competent jurisdiction rule contrary to EEOC v. Board of Governors of State Colleges and Universities. 957 F. 2d 424 (7th Cir.), cert. denied, 506 U.S. 906, 113 S. Ct. 299 (1992), or if Board of Governors is judicially or legislatively overruled, the interpretation of the election of remedies clause specified in the last sentence of the previous paragraph will be deleted from the then current labor agreement between the City and the Union.

FOR THE CITY OF MINNETONKA
FOR LAW ENFORCEMENT LABOR SERVICES (LOCAL NO. 442)

______________________________  ______________________________
______________________________  ______________________________
Brief Description

Items concerning The Kinsel at Glen Lake at 14317 Excelsior Blvd:

1) Rezoning from R-1, low-density residential, to PUD, planned unit development;
2) Master development plan;
3) Site and building plan review;
4) Right-of-way vacation; and
5) Preliminary and final plats.

Action Requested

Introduce the ordinance and refer it to the planning commission

Background

In August 2018, Ron Clark Construction submitted a concept plan for redevelopment of the property at 14317 Excelsior Blvd. The plan contemplated removal of the existing single-family home and construction of a three-story, 60-unit market-rate apartment building. At the time of the concept plan consideration, the property was guided for commercial use in the 2030 Comprehensive Guide Plan. The 2040 Comprehensive Guide Plan – as yet not approved by the Metropolitan Council – designated the site to mixed use.

On Dec. 17, 2018, the city council approved a comprehensive guide plan amendment, re-guiding the property from commercial to mixed use. The purpose of this action was to allow for continued review and consideration of any formal proposal for the site that would be received prior to Metro Council approval of the 2040 Plan.

Proposal

Ron Clark Construction has now submitted formal applications for redevelopment of the site. As proposed, the existing home would be removed, and a new apartment building would be constructed. The building would contain 58 market-rate apartments within three stories. The building would be served by underground parking and a surface parking lot, both accessed via Stewart Lane.

The proposal requires approval of:

- **Rezoning.** To facilitate the proposed development, the applicant is requesting that the property be rezoned to PUD.

- **Master Development Plan.** Under the zoning ordinance, a master development plan is required in conjunction with PUD zoning.
• **Final Site and Building Plans.** By city code, site, and building plan review is required in conjunction with PUD zoning.

• **Right-of-Way Vacation.** Consistent with a previous request and approval on the adjacent property to the west, the applicant is requesting vacation of an unused area of right-of-way along the north property line.

• **Preliminary and Final Plats.**

**Issue Identification**

The purpose of introducing an ordinance is to give the city council the opportunity to review a new application before sending it to the planning commission for a recommendation. Introducing an ordinance does not constitute an approval. The tentative planning commission date is July 11, 2019. Based on a preliminary review of the proposal, staff has identified the following issues for further analysis and discussion:

• **Zoning.** Staff will analyze the use of PUD zoning. In particular, staff will consider whether the proposed development is “compatible with the existing surrounding development type and intensity.”

• **Site Design.** Staff will evaluate proposed site massing, parking, building setbacks, and green space/landscaping.

• **Traffic and Access.** A traffic study was conducted in 2018 and is currently being updated to reflect the current plans. The study will look at existing conditions and the proposal's anticipated impact on these conditions. The study will further suggest/identify any necessary roadway or site design improvements.

• **Right of Way Vacation.** Staff will determine the appropriate procedure for releasing excess right-of-way, previously controlled by Hennepin County, but “turned back” to the city.

**Staff Recommendation**

1) Introduce the attached rezoning ordinance and refer it to the planning commission.

2) Approve or modify the attached notification area. This is the same area used for the previous concept plan.

Submitted through:
Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originated by:
Susan Thomas, AICP, Assistant City Planner

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1 City Code §300.22, Subd. 2(e), Planned Unit Development District
Location Map

Project: The Kinsel at Glen Lake
Address: 14317 Excelsior Blvd
Tuesday, June 11, 2019

Susan Thomas
City of Minnetonka
14600 Minnetonka Blvd
Minnetonka, MN 55345

RE: The Kinsel at Glen Lake Project Narrative

**Ron Clark Construction** is proposing a three-story, 58-unit apartment building on the property located at 14317 Excelsior Boulevard.

The proposed apartment building would have underground parking, resident community room with deck, exercise room, onsite manager's office, co-working/meeting spaces and a common area deck on third floor.

It is proposed to have a mix of studio, one bedroom, one bedroom +Den and 2-bedroom apartments and they currently expect the unit rents to be between $1,200 and $2,600 per month.

Zoning for the property is currently R-1. On 12/17/18 the City’s Comprehensive Guide Plan for 2030 was amended by the City Council approving the site to be guided for Mixed Use.

**Rezoning:** The proposed residential use requires a rezoning.

The proposed housing component would qualify the project for public benefit under the planned unit development zoning district.

A complementary high density residential comprehensive plan re-guidance would align with the zoning density of 44 units/acre. (58 units/1.31 acre).

**Building Design:** The proposed 3 story building is designed with a low pitch hip roof to lower the overall building profile. The ‘U’ shape of the building plan has projecting wings on each end which divide the mass along Excelsior Blvd.
The exterior materials include a variety of brick, stone, Hardie/SmartSide type panels. Each unit will include a metal deck or a concrete patio. The proposed building will be a full 1-story less height than the adjacent building to the south.

**Site Design:** The building is placed on the property to create an opportunity to preserve existing trees at the NE and NW corners along Excelsior Blvd. and to also allow adequate space for landscaping on the east side along Stewart Lane.

The main entrance and guest surface parking is accessed from east along Stewart Lane. The enclosed parking level is accessed from Stewart Lane to the south due to the existing topography of the site as this is at a low point of the existing grades.

**Stormwater Management:** Stormwater runoff from the site will be collected and routed to an underground chamber system which is designed to store and infiltrate water into the soils below it. The chamber system will discharge stormwater to the existing storm sewer system in Stewart Lane. The system has been designed to meet the requirements of both the City and the Watershed District.

A Stormwater Management Plan is included as part of this Application.

**Traffic:** A Traffic Study has been ordered by the City and completed by SRF on 11/21/18. The City has requested an update from SRF based on the revised plan. The update is currently underway and should be available for review prior to the upcoming City Planning Commission and City Council Meetings in July.

Based on the initial review of the traffic from our consultants and the current SRF Traffic Study for the City our proposed project will have little or no effect on the current traffic in the area including both the surface parking lot and the underground parking garage access to Stewart Lane.

The 2030 Comprehensive Plan Designated Commercial use and the many other potential uses for the site under the Mixed use guidance could generate considerably more traffic than our proposed apartment project.
Professional Management: Steven Scott Management will be our management company. They are a highly respected local company whom we currently do business with. Management will assign three corporate employees to the Property: Regional Portfolio Manager; a Marketing Director; and a Senior Accountant. These employees are overhead to management and selected based on experience in working on similar projects with Ron Clark.

- The Regional Portfolio Manager (RPM) will oversee all site operations and be the liaison to the Owner.

- The Marketing Director is intricately involved with the property during the lease up and through the term of the contract. The Marketing Director is responsible for maintaining a Marketing Plan and assisting the property staff in securing sufficient leads to ensure a high occupancy level in accordance with the Tenant Selection Plan.

- The Senior Accountant is responsible for compiling all necessary monthly and periodic financial reports.

Employees of the Property will include:

- Property Manager – minimum 30 hours/week
- Leasing Agent (during lease up)
- On-site caretaker
- Maintenance Technician (part-time)

Maintenance Services: Management has policies in place for routine and preventative maintenance for the property. Routine maintenance will primarily be done by the maintenance technician, and as necessary, through an outside vendor. All maintenance requests are directed to the Property Manager and acknowledged/completed within a 24-hour period. Maintenance after-hours emergency services are handled through the Management Company on-call services, or through an outside vendor if necessary.

A Preventative Maintenance Program will be custom designed for the Property once all construction is completed.

Management will also establish an after-hours emergency on call procedure to provide needed services to the Property.
Resident Selection Plan/Criteria: The Resident Selection Plan and Resident Selection Criteria are intended to serve as tools to be used to assist the Property in determining applicant housing eligibility and selection. Owner and Manager will collectively work to implement and administer these tools fairly and consistently to effectively meet the goals of Glen Lake Apartments to maintain a safe and attractive market rate community. Resident criteria will include a required income rate of three times the monthly rental rate. Additional requirements include favorable credit, landlord and criminal history.

Lease infractions, conflict resolution, lease terminations and appeals process:
In most cases, the following will apply:

- Lease infraction notices will be sent to residents upon incident.
- Reasons for an infraction are stated in the lease, but might include noise, litter or pet waste, or late rent payment.
- Lease terminations can occur once infractions have accumulated or if a resident becomes a danger to the health, safety and well-being of the other residents, the building, or the staff.
- Depending on the situation, the terminated resident may meet with the Property Managers to discuss the termination.
- If a terminated resident wishes to appeal the termination, they may do so by requesting an appointment with their Property Manager in writing.

Steven Scott Management utilizes a Drug-free/Crime-free lease addendum, signed by all residents with their lease agreement prior to move-in.

Glen Lake will be Pet Friendly and Smoke Free. All required addendums will be signed with the lease agreement prior to move-in.
That part of the Northeast Quarter of the Northeast Quarter of Section 34 and the Southwest Quarter of
the Southwest Quarter of Section 27, all in Township 117, Range 22, Hennepin County, Minnesota, being
described as follows and which lies northeasterly of the northeasterly line of the recorded plat of THE
EXCHANGE.

Beginning at a point on the southeasterly line of HENNEPIN COUNTY STATE AID HIGHWAY NO. 3, PLAT
43, according to the recorded plat thereof, distant 1373.48 feet northeasterly from the most southerly
corner of said PLAT 43, as measured along said southeasterly line; thence North 38 degrees 02 minutes
21 seconds West (said plat being the basis for bearings) 11.23 feet, at right angles to said southeasterly
line; thence North 45 degrees 51 minutes 54 seconds East 238.26 feet; thence northeasterly 396.51 feet
on a non-tangential curve concave to the southeast, radius 1388.39 feet, central angle 16 degrees 21
minutes 47 seconds and chord bearing North 56 degrees 16 minutes 02 seconds East; thence North 64
degrees 26 minutes 53 seconds East 330.70 feet, tangent to said curve; thence South 36 degrees 07
minutes 07 seconds East 28.38 feet to the southeasterly line of said PLAT 43; thence southwesterly
along said southeasterly line to the point of beginning.
VIEW FROM STEWART LN.
NO SCALE
REQUIRED 400 FT MAILING AREA

CITY OF MINNETONKA

Subject Property
Ordinance No. 2019-

An ordinance rezoning the property at 14317 Excelsior Boulevard from R-1, low density residential district, to PUD, planned unit development

The City Of Minnetonka Ordains:

Section 1.

1.01 The property at 14317 Excelsior Boulevard is hereby rezoned from R-1, low-density residential, to planned unit development, PUD.

1.02 The property is legally described on Exhibit A of this ordinance.

Section 2.

2.01 This ordinance is based on the following findings:

1. The rezoning to PUD would result in a development compatible with the existing surrounding development type and intensity.

2. The rezoning would be consistent with the intent of the zoning ordinance and the comprehensive guide plan.

3. The rezoning would be consistent with the public health, safety, and welfare.

2.02 This ordinance is subject to the following conditions:

1. The site must be developed and maintained in substantial conformance with the following plans:

   • Site Plan, dated June 11, 2019
   • Utility Plan, dated June 11, 2019
   • Grading Plan, dated June 11, 2019
   • Building Elevations, dated June 11, 2019
2. The development must further comply with all conditions outlined in City Council Resolution No. 2019-____, adopted by the Minnetonka City Council on ____________, 2019.

Section 3. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on ______________, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, City Clerk

Action on this ordinance:

Date of introduction: June 24, 2019
Date of adoption: 
Motion for adoption: 
Seconded by: 
Voted in favor of: 
Voted against: 
Abstained: 
Absent: 
Ordinance adopted.

Date of publication:

I certify that the foregoing is a true and correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota at a regular meeting held on ______________, 2019.

Becky Koosman, City Clerk
EXHIBIT A

Parcel 1:

Tracts A and B, Registered Land Survey No. 207, Hennepin County, Minnesota.

Parcel 2:

That part of Lot 10, "Glen Lake Park" described as follows: Beginning at the point of intersection of the Southeasterly line thereof and the West line of the Northwest Quarter of the Northwest Quarter of Section 34, Township 117, Range 22; thence Northeasterly along the Southeasterly line thereof a distance of 116.3 feet to the point of beginning of the tract to be described; thence Northwesterly at an angle to the left of 85 degrees and 47 minutes a distance of 57.9 feet, more or less to the North line of said Section 34; thence East along the North line thereof to the most Easterly corner of said Lot 10; thence Southwesterly along the Southeasterly line of said Lot 10 a distance of 88.15 feet, more or less to the point of beginning.

That part of the abandoned right of way of the St. Paul, Minneapolis and Milwaukee Railway in Section 34, Township 117, Range 22 described as follows: Beginning at the point of intersection of the Southeasterly line of Lot 10, "Glen Lake Park" and the West line of the Northwest Quarter of the Northwest Quarter, Section 34, Township 117, Range 22; thence Northeasterly along the Southeasterly line thereof a distance of 116.3 feet to the point of beginning of the tract to be described; thence Southeasterly to the right, deflection angle 85 degrees 47 minutes, a distance of 101.3 feet, more or less to the Southeasterly line of said abandoned railway right of way; thence Northerly along said abandoned railway right of way a distance of 88.15 feet; thence Northwesterly a distance of 101.3 feet, more or less to the most Easterly corner of said Lot 10, "Glen Lake Park"; thence Southwesterly along the Southeasterly line of said Lot 10 a distance of 88.15 feet, more or less to the point of beginning.

That part of Lot 68, Auditor’s Subdivision No. 321, Hennepin County, Minn., described as follows: Beginning at the most Westerly corner of Lot 68; thence Northeasterly along the Northwesterly line of said Lot 68 a distance of 88.2 feet; thence Southeasterly a distance of 56.2 feet, more or less to the most Easterly corner of Lot 10, "Glen Lake Park"; thence West along the South line of said Lot 68 a distance of 102 feet, more or less to the point of beginning.

Turnback Area:

That part of the Northeast Quarter of the Northeast Quarter of Section 34 and the Southwest Quarter of the Southwest Quarter of Section 27, all in Township 117, Range 22, Hennepin County, Minnesota, being described as follows and which lies northeasterly of the northeastern line of the recorded plat of THE EXCHANGE.

Beginning at a point on the southeasterly line of HENNEPIN COUNTY STATE AID HIGHWAY NO. 3, PLAT 43, according to the recorded plat thereof, distant 1373.48 feet northeasterly from the most southerly corner of said PLAT 43, as measured along said southeasterly line; thence North 38 degrees 02 minutes 21 seconds West (said plat being the basis for bearings) 11.23 feet, at right angles to said southeasterly line; thence North 45 degrees 51 minutes 54 seconds East 239.26 feet; thence northeasterly 396.51 feet on a non-tangential curve concave to the southeast, radius 1388.39 feet, central angle 16 degrees 21 minutes 47 seconds and chord bearing North 56 degrees 16 minutes 02 seconds East; thence North 64 degrees 26 minutes 53 seconds East 330.70 feet, tangent to said curve; thence South 36 degrees 07 minutes 07 seconds East 26.38 feet to the southeasterly line of said PLAT 43; thence southwesterly along said southeasterly line to the point of beginning.
City Council Agenda Item #13A
Meeting of June 24, 2019

Brief Description
On-sale wine and on-sale 3.2 percent malt beverage liquor licenses for My Burger Operations, LLC., 10997 Red Circle Dr

Recommendation
Open the public hearing and continue to July 22, 2019

Background
The city has received applications from My Burger Operations, LLC. dba My Burger, for on-sale wine and on-sale 3.2 percent malt beverage liquor licenses, for use at the restaurant at 10997 Red Circle Dr.

Business Ownership
My Burger Operations, LLC. is 100% owned by Caryl Abdo (CMA Trust dated May 1, 2007). Her son, John Abdo, is the President and Treasurer of the company, and her other son, Paul Abdo, is the Vice President and Secretary. John Abdo will also serve as the general manager of the restaurant. He meets the metro-area residency requirements of the city’s liquor ordinance.

Business Operation Description
The restaurant is open daily from 11:00 a.m. – 10:00 p.m. The establishment opened in March 2019. It is a fast-casual sit-down restaurant for approximately 65 people indoor and 15 outdoor, with 10 employees on staff for a single shift.

Customers would be able to take their food out of the restaurant to eat on the patio tables. However, staff would not serve the outdoor tables. No liquor is allowed to be consumed outside of the restaurant. In the past, staff has not considered these types of informal seating areas as “conditionally permitted outdoor seating area/patios.” If the applicant desires a more formalized seating area, a conditional use permit is required.

All employees of My Burger are trained in handling and serving alcohol, utilizing materials from ACS (Alcohol Compliance Services). Employees are trained to card patrons with a valid ID who appear to be under the age of 35. My Burger currently operates six other locations, three with liquor licenses. Based on those stores, they project their food to alcohol ratio to be 95/5% split leaning towards food.

Application Information
Application information and license fees have been submitted. The police department’s investigative report is pending and will be forwarded to the council prior to the continued public hearing on July 22, 2019.

Recommendation
Staff recommends the city council open the public hearing and continue it to July 22, 2019.

Submitted through:
Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director

Originated by:
Fiona Golden, Community Development Coordinator
Project: My Burger
Address: 10997 Red Circle Drive
My Burger is a family-owned and operated, fast-casual restaurant featuring fresh food with a simple approach- no fuss, no fluff- just quality. There are currently 5 locations in Minnesota and a food truck. Our menu is simple, with a focus on freshness, quality and homemade appeal. Our local customer base is growing; we strive to be a neighborhood burger joint for all who live, work, and enjoy recreation near our restaurant.

- We will staff roughly 30-40 employees total, with around 10 working for a single shift at any given time.
- All employees of My Burger will comply with our company policy of being trained in the handling and serving of alcohol. Any employee who will serve is trained to card patrons with a valid ID who appear under the age of 35 in the judgement of the employee. We do not intend to utilize electronic ID devices at this time, but may consider utilizing such at a future point. New employees must complete a training with their manager utilizing materials from ACS (Alcohol Compliance Services) and sign a form agreeing they understand their professional knowledge and expertise on carding is both critical and irreplaceable to My Burger as a company. We will have rewards set for those employees who can pass a compliance check or for catching underage attempts to purchase alcohol. A failure by an employee will require a retraining of the employee in our process. A second failure or first, willful violation of selling to an underage person will result in immediate termination.
- My Burger currently operates 3 other locations with liquor license. Based on those stores we project to sell food to alcohol around a 95/5% split leaning towards food.
- My Burger will operate 11am-10pm daily. There will be no live entertainment, dancing, or amplified music.
- A copy of our menu is attached.
- My Burger prides itself on not only the quality of the food, but also the presentation of our store and premises. Daily cleaning and the required maintenance to keep our store looking brand new will happen. Many of our older stores still have their brand new appearance.
- With a lack of live or amplified entertainment at My burger, we expect noise concerns to be nominal. Regardless, employees and management/supervisory level staff of My Burger will regularly monitor noise emanating beyond the interior premises and produced by guests in our outdoor area to ensure guests are not becoming boisterous and respectfully depart from the premises.
THE EATS

Original

- ketchup • mustard • fried onions • sweet pickles on a brown buttered bun + fries
- MyBurger
- double
California

lettuce • tomatoes • mayo on a brown buttered bun + fries
- single
- double

Kinda Fancy

all on a brown buttered bun + fries
- classic bacon cheese
- cajun bacon cheese
- mushroom & swiss
- bacon bleu cheese
- burger of the month (market price)

Just As Good

all on a brown buttered bun + fries
- Veggie burger
- Fish burger
- Turkey burger
- Grilled chicken burger
- Crispy chicken burger
- Kid’s burger
- Kid’s grilled cheese

Cheeses

- american
- swiss
- cheddar
- pepperjack
- bleu cheese

**Spiff It Up**

- cajun spices
- jerk spices
- teriyaki sauce
- bbq sauce
- mushrooms
- fried egg
- nitrate-free bacon

**Malts & Shakes**

- Chocolate
- Vanilla
- Strawberry
- Salted Carmel
- Cookies & Cream

**Top It Off**

- ketchup
- mustard
- sweet pickles
- fried onions
- lettuce
- tomatoes

https://myburgerusa.com/#fundraising
• mayo
• dill pickles
• raw onions
• jalapeños

Drinks

• fountain drinks
• bottled soft drinks
• bottled juice/water

Beer & Wine

Stop in to see our sweet rotating tap and wine list.
(Not available at Skyway Location)

DOWNLOAD NUTRITIONAL INFORMATION

Every month we release a new supes delicious Burger of the Month. Become our newest friend on Facebook or signup for our newsletter to be the first to know.

CLICK HERE FOR THIS MONTH'S BOM
City Council Agenda Item #14A
Meeting of June 24, 2019

Brief Description
Items concerning Walser Nissan at 15906 Wayzata Blvd:

1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

Recommendation
Adopt the ordinance and resolution approving the request

Proposal
Jack Grotkin (R.J. Ryan Construction), on behalf of Walser Nissan-Wayzata, is proposing to demolish the existing Nissan car dealership and construct a new car dealership building and associated site improvements.

As proposed, the dealership building would be 45,216 square-feet in total area and 31 feet in height. The developed portion of the 10-acre site would increase with the expansion of the building. However, the total number of parking spaces would be reduced by 78 spaces. The applicant plans to phase construction so that the existing building would remain while the new building is constructed.

History

March 18, 2019: Ordinance Introduction

An ordinance amendment was introduced to the city council. The city council referred the ordinance to the planning commission for review.

April 25, 2019: Planning Commission Meeting

The planning commission considered the subject request. The commission report and associated plans are attached.

At the meeting, a public hearing was opened to take comments. Several area residents appeared before the commission. The residents stated that they did not believe that the proposal met the minimum standards for buffering. Specifically, the residents requested that the berm and vegetation north of the existing parking lot remain with any redevelopment of the site.

Following the public hearing, the commission discussed the proposal. On a 5-0 vote, the commission recommended that the city council deny the proposal. The planning commission found that the proposal did not meet the design standards for buffering from the residential properties to the north (City Code §300.31 Subd.7). The commission also recommended that the applicant provide visual renderings to demonstrate potential views from the properties to the north.
After the Commission Meeting

After the planning commission meeting, the applicant submitted revised plans to address the comments provided at the April 25, 2019 commission meeting. The revised plans generally improved the project in the two areas of concern: (1) maintaining the top of the existing berm; and (2) preserving more existing trees. The improvements were accomplished mainly through changes to the grading limits and fill. The result is the revised plan would provide increased buffering, as compared to the original plan. In addition, the applicant made other smaller revisions to the building.

![Diagram of existing berm and proposed stormwater pond]

May 20, 2019: City Council Meeting

The city council considered the subject request at the May 20, 2019 meeting. Residents expressed concern over:

- the filling “into” the berm;
- requested variances;
- a lack of visual aids presented; and
- the lack of time to review the revised plans.

After receiving public comments, the city council discussed the proposal. Generally, the council expressed concern about the lack of visual aids and the lack of time to review the revised plans. The council also expressed its desire to have the applicant waive the 120-day review requirement so that the planning commission could review the revised proposal. On a 7-0 vote, the city council voted to table the proposal, providing the applicant the opportunity to waive the 120-day requirement and provide additional graphics.

After the Council Meeting

After the city council meeting, the applicant submitted a waiver to the 120-day review timeline and submitted visual aids that provide views of the proposed development from the northern properties and additional grading graphics. (See next page and attached.)

In addition, the applicant submitted revised plans, lowering the proposed grade of the site to increase the height of the berm. Specifically, the berm on the parking lot side would be 2 feet taller in elevation than the previous (revised) plan submitted to the city council. The overall height of the berm as measured from at the center of the parking lot would be 5 feet in height.
Above are photos displaying what the proposed building would look like from the properties to the north.

The photo to the left shows a “ghosting” of the vehicles to depict the existing conditions and current plan. The depiction intends to represent that the vehicles will be screened by the berm.

Below is the proposed cross section of the site. The cross section shows that the proposed berm would be a minimum of 5 feet tall at the middle and east side of the property.
June 13, 2019: Planning Commission Meeting

The planning commission considered the revised plans on June 13, 2019. At the meeting, staff recommended approval of the proposal noting that:

1. The proposed plans would meet the minimum master development plan, site, and building plan, and conditional use permit plan standards or conditions of approval have been provided to ensure compliance.
2. The parking setback and ratio variances were reasonable as they reduced the overall non-conformity of the existing parking lot.
3. The sign plan was appropriate as the building currently has a non-conforming number of signs. As such, the approval of the sign plan would not increase the non-conformity and, per the conditions of approval, the total sign area would match the maximum permitted by city code (150 square feet).

At the meeting, the planning commission opened a public hearing to take public comment. Area residents spoke during this time and expressed concerns related to:

- Vehicle headlights shining over the berm and through the vegetation (particularly in the winter);
- Screening of the site during winter months;
- Tree deaths that could occur over a year from the completion of the project; and
- Parking lot lighting.

To address these concerns, the area residents requested that an 8-foot tall fence be constructed on the south side of the subject berm.

The planning commission discussed the fence request and felt that the submitted landscaping plan, which has additional plantings on the berm, would adequately buffer the site. On a 5-0 vote, the commission recommended that the city council approve the request. Meeting minutes are attached. There have been no changes to the proposal or additional information received since the planning commission’s June 13, 2019 meeting. Staff has re-ordered various conditions of approval within the provided resolution for clarity.

Staff Recommendation

Staff recommends the city council adopt the following, all associated with Walser Nissan, at 15906 Wayzata Blvd:

1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

Through: Geralyn Barone, City Manager
         Julie Wischnack, AICP, Community Development Director
         Loren Gordon, AICP, City Planner

Originator: Drew Ingvalson, Planner
Brief Description Items concerning the demolition and construction of a new automobile dealership at 15906 Wayzata Blvd.

Recommendation Recommend the city council approve the proposal.

Existing Property Information

- **Size:** 10.3 acres
- **Use:** Auto Dealership (Walser Nissan-Wayzata)
- **Previous Approvals:**
  - Master Development Plan
  - Site and Building Plan
  - Sign Plan
  - Conditional Use Permits
    - Auto dealership
    - Auto repair and auto body
- **Buildings:** Site is improved with a 34,000 square foot building
- **Access:** Wayzata Blvd.
- **Natural Resources:** Wetlands on the north side of the property
- **Floodplain:** Floodplain located on the north side of the property
- **Topography:** The highest point on the site is on the south side of the property (near Wayzata Blvd.). There is also a significant elevation change (berm) near the rear of the existing parking lot before it continues to fall into the wetland to the north of the parking lot.

Proposal
Jack Grotkin (R.J. Ryan Construction), on behalf of Walser Nissan-Wayzata, is proposing to demolish the existing Nissan car dealership and construct a new car dealership building and associated site improvements.

As proposed, the dealership building would be 45,216 square-feet in total area and 31 feet in height. The developed portion of the 10-acres site would increase with the expansion of the building. However, the total number of parking spaces would be reduced by 78 spaces. The
applicant plans to phase construction so that the existing building would remain while the new building is constructed.

The proposal requires:

- **Master Development Plan Amendment.** The applicant’s proposal would remove the existing building to construct a new building. As such, a new master development plan is required. Master development plans may be approved only by ordinance.

- **Site and Building Plan Review.** By city code, site and building plan review is required to construct a new commercial building.

- **Conditional Use Permit Amendment.** The proposed dealership would include 333 surface parking stalls, the majority of which would be used for inventory storage and display. Outdoor storage and display are allowed within PID district only by conditional use permit. The site currently has a CUP for the auto dealership, auto repair, and auto body services, but does not have an approval for outdoor storage and display. The proposed project requires this conditional use permit.

- **Variances.**
  - **Parking Lot Setbacks.** By city code, surface parking lots must be setback at least 20 feet from public right-of-ways and exterior property lines. The current site has a 0-foot setback from the west property line and an 18-foot setback from the east property line. The applicant has proposed 10-foot setbacks to both west and east property lines, which require variances.
  
  - **Parking to Building Area Ratio.** Per the outdoor storage and display CUP standards, the parking-to-building square footage ratio may not exceed one space per 200 square feet. The applicant’s proposal would have 1.5 spaces per 200 square foot ratio, thus requiring a variance.

- **Sign Plan.** The applicant is requesting sign plan approval to allow for signage slightly different than would be allowed by the sign ordinance. The applicant proposes four walls signs that encompass 184 square feet to be displayed on the south elevation of the
building. City code limits signage to one sign per elevation, and that sign may not exceed 150 square feet or 10% of the wall face, whichever is less.

History

Ordinance Introduction

On March 18, 2019, the ordinance amendment was introduced to the city council. The city council referred this request to the planning commission for review at this meeting.

Planning Commission Meeting

The planning commission considered the subject request on April 25, 2019. The commission report and associated plans are attached.

At the meeting, a public hearing was opened to take comments. Several area residents appeared before the commission. The residents stated that they did not believe that the proposal met the minimum standards for buffering. Specifically, the residents requested that the berm and vegetation north of the existing parking lot remain with any redevelopment of the site.

Following the public hearing, the commission discussed the proposal. On a 5-0 vote, the commission recommended that the city council deny the proposal. The planning commission found that the proposal did not meet the design standards (city code §300.31 Subd.7) for buffering from the residential properties to the north. The commission also recommended that the applicant provide visual renderings to demonstrate potential views from the properties to the north.

Revised Plans

After the planning commission meeting, the applicant submitted revised plans to address the comments provided at the April 25, 2019 meeting. The revised plans generally improved the project in the two areas of concern: 1) maintaining the top of the existing berm and 2) preserving more existing trees. The improvements were accomplished mainly due to changes to the grading limits and fill. The result is the revised plan would provide increased buffering as compared to the original plan. In addition, the applicant made other smaller revisions to the building.
City Council Meeting

The city council considered the subject request at the May 20, 2019 meeting. Residents expressed concerns over:

- the filling into the berm;
- requested variances;
- a lack of visual aids presented; and
- the lack of time to review the revised plans.

After the public comments, the city council discussed the proposal. Generally, the council expressed that they were concerned about the lack of visuals aids and the lack of time to review the revised plans. The council also expressed their desire to have the applicant waive the 120-day review requirement so that the planning commission could review the revised proposal. On a 7-0 vote, the city council voted to table the proposal, providing the applicant the opportunity to waive the 120-day requirement and provide additional graphics.

After the Council Meeting

After the city council meeting, the applicant submitted a waiver to the 120-day review and submitted visual aids that provide views of the proposed development from the northern properties and additional grading graphics. (See below and attached.)

In addition, the applicant has proposed to lower the proposed grade of the site to increase the height of the berm. Specifically, the berm on the parking lot side would be 2 feet taller in elevation than the previous (revised) plan submitted to the city council. The overall height of the berm as measured from the parking lot would be 5 feet in height.
This photo interpretation shows a “ghosting” of the vehicles to depict the existing conditions and current plan. The depiction intends to represent that the vehicles will be screened by the berm.

Revised Plans

Below is a review of the changes made between the initially submitted plan and the current proposed plan.

Building Size and Height

The proposed building size has been increased with the revised plan by about 500 square feet, and the total building height has remained unchanged. The building height on the existing previously proposed, and proposed building varies. The low and maximum heights have been provided in the table below.

With consideration to the existing and proposed grades, the revised plan would result in a building height elevation that is, for the most part, lower than the existing building.
Subject: Walser Nissan, 15906 Wayzata Blvd.

## Existing

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Previous Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Footage</td>
<td>34,084 sq. ft.</td>
<td>44,721 sq. ft.</td>
<td>45,216 sq. ft.</td>
<td>N/A</td>
</tr>
<tr>
<td>Height (low-max)</td>
<td>34-45 ft.</td>
<td>21-31 ft.</td>
<td>21-31 ft.</td>
<td>N/A</td>
</tr>
<tr>
<td>Elevation Height (low-max)</td>
<td>996-107 ft.</td>
<td>989-999 ft.</td>
<td>987-997 ft.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

### Architectural

The layout of the proposed building has changed, with the parts storage space moving from the east side of the building to the west side. There are no changes to the exterior materials. The applicant has proposed a slight change in the percentage of materials. More metal panels are proposed for the side, and rear facades and less glass would be used on these elevations.

#### Original Plan

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Metal Panels*</th>
<th>Glass*</th>
<th>Precast with Aggregate*</th>
<th>Garage Doors*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sq. ft.</td>
<td>%</td>
<td>sq. ft.</td>
<td>%</td>
</tr>
<tr>
<td>South Facade</td>
<td>2,290</td>
<td>37%</td>
<td>3,075</td>
<td>50%</td>
</tr>
<tr>
<td>East Facade</td>
<td>1,355</td>
<td>21%</td>
<td>1,380</td>
<td>21%</td>
</tr>
<tr>
<td>North Facade</td>
<td>400</td>
<td>6%</td>
<td>600</td>
<td>9%</td>
</tr>
<tr>
<td>West Facade</td>
<td>585</td>
<td>9%</td>
<td>1,430</td>
<td>22%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,630</td>
<td>18%</td>
<td>6,485</td>
<td>25%</td>
</tr>
</tbody>
</table>

*approximate

#### Revised Plan

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Metal Panels*</th>
<th>Glass*</th>
<th>Precast with Aggregate*</th>
<th>Garage Doors*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sq. ft.</td>
<td>%</td>
<td>sq. ft.</td>
<td>%</td>
</tr>
<tr>
<td>South Façade</td>
<td>2,220</td>
<td>33%</td>
<td>3,585</td>
<td>54%</td>
</tr>
<tr>
<td>East Façade</td>
<td>1,695</td>
<td>26%</td>
<td>1,015</td>
<td>15%</td>
</tr>
<tr>
<td>North Façade</td>
<td>850</td>
<td>12%</td>
<td>195</td>
<td>3%</td>
</tr>
<tr>
<td>West Façade</td>
<td>1,545</td>
<td>23%</td>
<td>455</td>
<td>7%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>6,310</td>
<td>23%</td>
<td>5,250</td>
<td>19%</td>
</tr>
</tbody>
</table>

#### Building Setbacks

The building setbacks have changed slightly from the originally submitted plan. The revised proposal, similar to the previous plan, “pushes” the building towards the rear of the property, but maintains all setback requirements.

<table>
<thead>
<tr>
<th>Orientation</th>
<th>Existing</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Yard</td>
<td>35 ft.</td>
<td>210 ft.</td>
<td>215 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Side Yard (East)</td>
<td>120 ft.</td>
<td>60 ft.</td>
<td>50 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Side Yard (West)</td>
<td>85 ft.</td>
<td>50 ft.</td>
<td>60 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Rear (North)</td>
<td>&gt;750</td>
<td>&gt;750 ft.</td>
<td>&gt;750 ft.</td>
<td>50 ft.</td>
</tr>
</tbody>
</table>

*rounded to the nearest 5 ft
Parking Lot Setbacks and Number of Stalls

The parking lot setbacks have not changed from the original plan to the current proposed plan. (See below.)

Staff recommends approval of the parking lot setback variances for the reasons outlined in the proposed resolution.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Yard</td>
<td>0 ft.</td>
<td>20 ft.</td>
<td>20 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side Yard (East)</td>
<td>18 ft.</td>
<td>10 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side Yard (West)</td>
<td>0 ft.</td>
<td>10 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
</tbody>
</table>

The applicant has rearranged the parking on the site from the original plan to the revised plan; however, the total number of the parking stalls has changed only slightly. The revised plan has four less parking spaces than the previously submitted plan and the parking space ratio has remained the same. (See below.)

Staff recommends approval of the parking lot ratio variance for the reasons outlined in the proposed resolution.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Parking Spaces</td>
<td>407</td>
<td>333</td>
<td>329</td>
<td>-</td>
</tr>
<tr>
<td>Parking Space Ratio</td>
<td>2.4 per 200 square feet</td>
<td>1.5 per 200 square feet</td>
<td>1.5 per 200 square feet</td>
<td>1 per 200 square feet</td>
</tr>
</tbody>
</table>

Grading

The site will still undergo considerable earthwork to accommodate the new building and parking areas, with the majority of the site still being raised. However, the revised plan reduces the grading limits towards the rear of the site. The applicant has proposed less filling to increase the height of the berm from 3 feet to 5 feet (see right and next page). The final elevations of the site would be lowered a few feet to increase the berm height; however, the applicant has not submitted a revised grading plan that displays this change. As such, a condition of approval has been added to the resolution requiring revised grading plans that ensure that the berm is at least 5 feet tall.
Below outlines the grading based on the existing plans submitted by the applicant. Please note, elevations may be reduced slightly to accommodate the increased height of the berm.

- **Front parking lot and proposed building footprint.** The proposed plan lowers the building floor elevation and front parking lot by approximately 1-foot.

- **Rear parking lot.** The images on the below page display the rear parking lot grading in the previous plan and revised plans. The red line represents the approximate location of the top of the existing berm and pink area is graded land. In the previous plan, the applicant had proposed parking lot grading north of the highpoint of the berm. In the revised plan, the grading plan would keep the highpoint of the berm in place. Specifically, the parking lot would be about 5 feet below the berm in the center and east side of the parking lot and even with the berm on the west side.
• **Filtration Basin.** The stormwater filtration basin is largely unchanged. The revised plan reduces the grading between the basin and parking lot which is an improvement and allows the north face of the berm to remain intact.

• **Retaining Walls.** The applicant has proposed two retaining walls on the subject site.
  
  • **East.** The east retaining wall height has increased slightly (the wall ranges from three to 9.1 feet tall), but the location has remained the same between the two plans.
  
  • **West.** For the most part, the west retaining wall has remained the same between the two plans (ranging from 1.4 to 5.1 feet tall).
  
  • **North.** The large northern retaining wall has been removed in the revised plans due to pulling the grading south of the top of the berm.

**Tree Impacts**

After a review of the revised plan, staff has determined that more significant trees would remain with the revised plan, based on the proposed grading limits. The applicant would be removing one evergreen and three deciduous trees on the existing berm. Sixteen trees on the berm would remain with the proposed plan, provided the applicant maintains the construction limits as shown on the plan. All of these trees were shown as removed on the previous plan.

As the proposal is for the redevelopment of the property, the level of tree removal/impact would be permitted under the tree protection ordinance.

<table>
<thead>
<tr>
<th></th>
<th>Previous Plan (total removed)</th>
<th>Revised Plan (total removed)</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High Priority Trees Removed</strong></td>
<td>100% (5)</td>
<td>60% (3)</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Significant Trees Removed</strong></td>
<td>75% (49)</td>
<td>53% (34)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

![Original Plan](image1.png)  ![Revised Plan](image2.png)
Buffering Requirement

Similar to the previous plan, the proposed development area would be located approximately 700 feet from the nearest residential parcel, and about 800 feet from the nearest home. In addition to this distance, and differing from the previous plan, the applicant has pulled back grading to preserve the trees located on top of the existing berm and keep a small berm. The applicant has also proposed additional plantings on the north side of the parking lot to enhance buffering between the development site and properties to the north.

Signage

The applicant’s proposal for signage has remained the same from their previous proposal. Specifically, the applicant has proposed to have four signs on a single elevation that would total 184 square feet. (See attached.) There are four signs on the existing building. Three on the front elevation and one on the second level facing Wayzata Blvd.

City code limits commercial wall signage of buildings of this size to:

- One sign per elevation;
- Signage area may not exceed 150 square feet or 10 percent of the wall face, whichever is less, and
- Total wall signage may not exceed 250 square feet.

As the proposed signage exceeds the maximum permitted signage for the building, the applicant has requested that a sign plan be approved for the subject site.

As with the previous report, staff still recommends approval of a sign plan that allows up to four signs; however, staff finds that the sign plan should still limit the total square footage to 150 square feet.

Mechanical Screening

The applicant has continued, from the previous plan, to propose parapet walls to screen mechanical equipment. A condition of approval has remained, requiring that all mechanical equipment is screened from public view.

Miscellaneous

The revised plan reduces the total impervious surface from 72 percent (non-conforming) to 70 percent (conforming). The floor area ratio is unchanged between the two plans and, as such, would remain in conformance with city code.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Original Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impervious Surface</td>
<td>unknown</td>
<td>72%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Floor Area Ratio</td>
<td>0.13</td>
<td>0.18</td>
<td>0.18</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Phasing Plan

Similar to the previous plan, the applicant has proposed to phase construction to keep the dealership business open during construction of the new building. (See attached).
• In the first phase, the rear portion of the existing building would be demolished while the proposed building would be constructed.

• In the second phase, after the construction of the proposed building, the remaining portion of the existing building would be demolished.

Staff generally finds this to be a reasonable request. However, a condition of approval has been added to the resolution requiring escrow money to cover the costs to demolish the existing building if needed.

Summary Comments

The proposed dealership would result in a considerable change to the aesthetic of the property and would represent a significant investment into the property and Wayzata Blvd corridor. From staff’s perspective, this change is both reasonable and appropriate as:

- The requested Master Development Plan Amendment, Site and Building Plan Review, and Conditional Use Permit standards would be met. Specifically,
  - The building design and location would meet the minimum standards and would be an improvement from the existing building.
  - The subject development would be adequately buffered from residential properties to the north.
  - With the exception of the two parking lot variances, the site proposal would meet the minimum standards outlined in city code.

- The requested variances are reasonable as:
  - The non-conformity of the parking setback and ratio would be reduced from the existing site; and
  - The total number of parking spaces on the site would be reduced with the proposal.

- The requested sign plan is appropriate as:
  - The site currently has a non-conforming number of signs on the front elevation of the building.
  - The subject sign plan would not alter the essential character of the neighborhood, as the existing area has several dealership buildings with multiple signs on a single elevation.
  - The proposed signage would not exceed what would typically be allowed because staff added a condition requiring this amount not exceed 150 square feet or 10% of the wall face.
Staff Recommendation

Staff recommends that the planning commission recommends the city council adopt the following related to the Walser Nissan Development at 15906 Wayzata Blvd.:

1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

Originator: Drew Ingvalson, Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

**Surrounding Land Uses**

- North: Residential homes, zoned R-1
- South: Hwy I-394
- East: BMW car dealership, zoned PID
- West: Lexus car dealership, City of Wayzata

**Planning**

- Guide Plan designation: Commercial
- Existing Zoning: PID, Planned I-394 District

**Background**

The subject auto dealership has a long history within the City of Minnetonka. During its time, the site has gone through several changes but has remained as an auto dealer since 1977. Specifically:

- **1977**: Conditional use permit approved for an auto dealership within the B-4 District.
- **1978**: Site and building plan approved for building.
  - Variance to reduce front yard setback.
  - Variance to increase the number of pylons signs to two.
- **1983**: The city council approved a sign plan for the subject site, affirming the pylon variance which permits 128 square feet of pylon signage.
- **1988**: Site and building plan approved for parking lot expansion.
- **1996**: Guide plan amendment, with site and building plan and conditional use permit amendment approved to add to the existing structure.
- **1999**: Master development plan amendment, site and building plan approved for an addition.
  - CUP approved for auto repair and body shop.

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**Pyramid of Discretion**

![Pyramid Diagram]

**Motion Options**

The planning commission has three options:

1. Concur with the staff recommendation. In this case, a motion should be made recommending the city council adopt the ordinance and resolution approving the request.
2. Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council deny the request. This motion must include a statement as to why denial is recommended.

3. Table the requests. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

<table>
<thead>
<tr>
<th>Voting Requirement</th>
<th>The planning commission will make a recommendation to the city council. The city council’s final approval requires an affirmative vote of five members.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighborhood</td>
<td>The City remailed 47 notices to area property owners and posted a redevelopment sign at the subject site. Comments from previous meetings are included and one additional comment was sent between the May 20, 2019 city council meet and the completion of this report. (See attached.)</td>
</tr>
<tr>
<td>Comments</td>
<td></td>
</tr>
</tbody>
</table>

(See attached.)
Location Map

Project: Walser Nissan Wayzata
Address: 15906 Wayzata Blvd
New Visuals
(Submitted June 5, 2019)
A. Resolution approving preliminary and final plats of Rutzick Ridge, a two-lot subdivision at 3564 Shady Oak Road.

Chair Kirk introduced the proposal and called for the staff report.

Gordon reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Ryan Rutzick, 3564 Shady Oak Road, applicant, stated that he was available for questions.

The public hearing was opened. No testimony was submitted and the hearing was closed.

Sewall felt that the proposal is reasonable. He liked that the property owner would continue to live on the property.

Powers liked that there would not be a lot of tree removal.

Powers moved, second by Sewall, to recommend that the city council adopt the resolution approving the preliminary and final plats of Rutzick Ridge, a two-lot subdivision at 3564 Shady Oak Road.

Sewall, Knight, Luke, Powers, and Kirk voted yes. Hanson and Henry were absent. Motion carried.

B. Items concerning Walser Nissan at 15906 Wayzata Blvd.

Chair Kirk introduced the proposal and called for the staff report.

Ingvalson reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

In response to Luke’s request, Ingvalson pointed out trees that would be removed.

Powers asked what part of the berm would be removed. Ingvalson identified the area.

Knight asked if the back lot would be a vehicle storage area or if customers would be coming and going. Ingvalson explained that it would be used more as a vehicle storage area.

Powers asked if there would be an increase in noise. Ingvalson expected the noise level to remain the same as it is now. The noise ordinance would apply.

Jack Grotkin, representing Walser Automotive, applicant, stated that:
• He has assisted Walser Automotive with building dealerships for 20 years.
• The proposal would save the berm. The elevation of the building would be lowered three feet which would eliminate the retaining wall on the north side of the property.
• The neighbors requested an eight-foot fence. The applicant would like to fill in the area with plants, trees, and shrubbery.
• He would continue to work with neighbors and welcome input from neighbors and city staff.
• The back lot would be used primarily for storage of vehicles. The retail side of the business would continue to occur in front of the building.

Knight asked if the vehicles in the back lot would be backed into stalls. Mr. Grotkin answered affirmatively. Knight noted that would decrease the occurrence of headlights facing toward adjacent properties.

Sewall asked if the dealerships hours would change. Mr. Grotkin stated that the site would remain open Monday through Thursday until 8 p.m.; Friday and Saturday until 6 p.m.; and closed on Sundays.

In response to Chair Kirk’s question, Chad Ayers, civil engineer for the project, stated that one tree would be impacted. The critical root zones of the rest of the trees would not be impacted. A small retaining wall would be created in an effort to save a significant tree just to the south. The grading is necessary to clean up the storm water pond and create slopes to meet the requirements of the city and watershed district.

The public hearing was opened.

Bradley Schaeppi, 315 Townes Lane, stated that:

• The proposal has improved. He was optimistic.
• He appreciated commissioners asking detailed questions.
• He met with the applicant.
• He wants the berm and trees to stay the same as today.
• More headlights would be seen in the winter.
• He would like a condition to address what would happen if a tree on the berm would die.

Jeff Koblick, 351 Townes Road, stated that:

• The berm was created to screen retail activity at the mid elevation.
• The original grading plan had the elevation meeting the berm height at 12-feet tall. The elevation would now be 10-feet tall.
• Retail activity would be seen 8 months a year.
• He would like a condition requiring an eight-foot tall fence to block retail activity.
Gervaise Peterson, 212 Townes Lane, stated that:

- She would like the lights to point down instead of out.

Tim Engel, 350 Townes Road, stated that:

- The vehicle headlights would travel over the berm toward the houses.
- The amount of traffic is the concern.
- The berm is pretty transparent six months of the year.
- He thought an eight-foot fence would be a more cost-effective alternative than raising the berm and replacing the trees.
- He wanted to preserve the privacy.
- The difference in the change in the elevation should be matched with a fence.

No additional testimony was submitted and the hearing was closed.

Ingvalson reviewed the elevations, berm height, and buffer requirements.

Mr. Grotkin pointed out the service entrance, exit locations and traffic pattern.

In response to Knight’s question, Mr. Grotkin explained how an automobile transport truck would stay on the north side of the building. That would be true with tow trucks and delivery trucks. Trucks would enter on the east side and exit on the west side.

Sewall asked if a lighting plan would be reviewed. Ingvalson answered affirmatively. A condition of approval would require a plan that would prohibit light to spill onto another property.

Powers asked what would happen if trees that were expected to live would die in the future. Gordon explained that the landscaping plan would be enforced.

Chair Kirk did not want to treat Walser Nissan unfairly compared to the other automobile dealerships. It would be reasonable to suggest requiring additional plantings in the recommendation to city council. It appears that the berm on the east side is more robust and may do a better job of screening the traffic occurring around the building. He suggested adding evergreens to fill in the top of the berm. He would not want to see a fence constructed on a berm. Adding trees would do a better job of screening the neighbors.

Sewall agreed. He liked adding more plantings rather than a fence. He requested staff make that a condition of approval.

Chair Kirk noted that the applicant is trying to move the dealership back from the road to be aligned with surrounding dealerships.
Powers applauded the applicant for listening to commissioners and neighbors. It sounded like the city helped alleviate problems neighbors had with the Mitsubishi dealership. He likes the changes to the proposal. He did not care if the buffer would be a fence or plantings.

Ingvalson pointed out the plantings that would be added on the landscape plan.

Powers expected the applicant to work with the neighbors.

Chair Kirk noted that what he was describing for screening is already covered by a condition of approval.

Luke thought the proposed landscape plan would provide more long-term, permanent, better-looking screening than a fence.

Chair Kirk appreciated the neighbors providing comments and the effort provided by both sides. The applicant has compromised quite a bit and reduced the amount of parking.

Sewall stated that he agrees with staff’s recommendation in regard to signs. Four signs would be appropriate in this case, but they should be restricted to the size requirement.

Chair Kirk agreed with staff’s recommendation regarding the parking ratio.

_Powers moved, second by Knight, to recommend that the city council adopt the ordinance approving a master development plan and final site and building plans with a parking setback variance and a resolution approving a conditional use permit with a building-to-parking variance and sign plan._

_Sewall, Knight, Luke, Powers, and Kirk voted yes. Hanson and Henry were absent. Motion carried._

9. Other Business

A. Concept plan for The Mariner at 10400, 10500, and 10550 Bren Road East.

Staff recommends that commissioners provide comments and feedback on the identified key issues and additional issues commissioners deem appropriate. The discussion is intended to assist with future direction that may lead to the preparation of more detailed development plans.

Becky Landon, president of Newport Midwest, applicant, stated that:

- She provided the background on the project.
- The proposed site-plan change would preserve the funding for the affordable component.
ITEM 8B – Walser Nissan, 15906 Wayzata Blvd.

The following correspondence was received after the packet was published.
Drew.

Thank you for your assistance on the Walser project.

The applicant did visit our neighborhood and we had a positive conversation about our concerns: viewing cars, activity, and headlights over the top of the berm. However, representations were made that do not appear on the final, revised, application.

**We have the following remaining comments:**

1) It was represented to us by the applicant at that neighborhood meeting that the parking lot would be 5' below the top of the berm. On further review of the applicant's verbal comments after the meeting, it appears the top of the berm is not 5' from property line to property line, but 5' for east and central, but level with top of the berm on the west side. This is a concern that we were not aware of at our meeting.

2) The neighborhood meeting discussed additional concessions that do not appear on the final application--an opaque 8 foot fence on the Nissan side to block activity and lights from ground level to the lower reaches of the trees. In essence the neighborhood wants the modified berm and trees to act like the present berm and trees--where there is no activity/lights seen from the north. A raised parking lot without a fence, especially now in portions at grade level with the top of the berm will result in headlights and activity seen through ground level to the bottom of the trees and in some cases through the trees (the 10-15' berm drop on the south side is the reason for no existing activity concern).

3) My comments at the hearing expressed a concern about the future health of the existing berm trees and position that bonding/security for 1 year is not sufficient and a condition should be 3 growing seasons. It is foreseeable that grading equipment or contractors in their earth work up to the berm results in lost tree roots, killing the tree over a number of years, not one like planting a new tree that does not make it. Practically, neither the city nor the neighborhood should trust this applicant who only acts when given no other choice. Given this, I believe any language for Walser to replace dead trees in the future without any recourse language could result in no action to replace by Walser. I would feel differently if a Walser representative was involved in this process, and personally made representations, but that has never been the case.

In sum, the neighborhood's final concerns are unmet. The "agreement" we had at the meeting included an 8 foot fence. Without the fence, there is no agreement and expect the neighborhood to reiterate at the hearing what was discussed at the meeting.

If in fact the fence is an oversight by the applicant, just not on the plan, feel free to update us. If not, we will ask for very specific language as a condition.

Thank you,
Bradley Schaeppi
315 Townes Lane
The comments below from Brad reflect our understandings as well...
Please note our concerns about screening being entire, across the entire Walser property, not just in spots, and no engineering or other documents are reflecting the berm elevation in its entirety.
Also, showing the property to property directly across does not reflect what Whitegate and other residential properties view. I had sent a photo of a particular property previously. A flat and wet wetland offers no barriers to sound, light or movement.

The applicant should have AT THE MEETING the decision maker(s) so as not to waste the Planning Commission/staff and concerned parties time. This should be made clear to the applicant.

We continue to hear the car dealerships buzzer near continuously, even though I again made the request of BMW this year to mute it. I understand BMW has new ownership since my last conversations with the general manager, who was very responsive.

The no parking signage should be updated along the frontage road, to mirror that in front of similar dealerships (Chevy/Lexus and further east in front of Morries). The big red P with the cross through it, on BOTH sides of the street in front of the dealership.
The applicant is aware of the problem with the unloading/loading of vehicles onto transport carriers on the frontage road; it was specifically put into the conditions for the car dealership in the past that this was not to occur. The lot is small, so .. It has continuously. And it is almost always on the south side of the frontage road directly in front of Walser’s property, where that no parking signage is curiously missing. Please address this.

Thank you.

Linda Koblick
Neighborhood Comments
Received After May 20, 2019
City Council Report
GOOD MORNING,

EVEN THOUGH I LIVE A MILE UP THE ROAD, ON A QUIET DEAD END STREET, I HAVE A FEW CONCERNS ABOUT THE PROPOSED REDEVELOPMENT PLAN FOR WALSER NISSAN.


THE REASON I STARTED THE LETTER WITH THE ABOVE STORY, IS THAT I ANTICIPATE THE SAME KINDS OF PROBLEMS WITH THE NEW DEVELOPMENT.

ONE MAYOR CONCERN IS EFFECTIVELY BUFFERING THE IMPACT OF NEW CAR DEALERSHIP THAT WILL BE THREE TIMES THE SIZE OF THE CURRENT DEALERSHIP. ALONG WITH IT COME INCREASED ELEVATIONS TO THE NORTH THAT IMPACTS RESIDENTIAL NEIGHBORHOODS. BERMS AFE EFFECTIVE, BUFFERS AND NEED TO BE RETAINED. THE PRESENT BERM SYSTEM HAS DONE A GOOD JOB SCREENING ACTIVITIES, VISUAL, AND SOUND CONCERNS.

TREE REMOVAL IS A MAJOR CONCERN. I HAVE HEARD THAT SOME WISH TO REMOVAL MOST OF THESE TREES AND PLANT 6 FT. TREES. WAY TO LONG FOR THE TREES TO GROW AND BE USEFUL. AND WETLANDS ARE A MAJOR PRIORITY. CURRENT LANDSCAPING AND TREES ARE MATURE AND OFFER VISUAL RELIEF. SOME ARE NATURAL AND VERY TALL NOW. IF THIS IS A MINIMUM REQUIREMENT, THEN THE CITY OF MINNETONKA NEEDS TO STEP IN AND TO REQUIRE MORE THAN ITHE MINIMUM.

I ALSO UNDERSTAND THAT THE DEVELOPER HAS NOT PROVIDED VISUAL MATERIALS THAT SHOW WHAT THE ELEVATION ,LANDSCAPING,
AND BUILDING VIEWS ARE FROM OUR NORTHERN VIEW. SHOULD BE REQUIRED.

CAROL MOLAND
251 TOWNES ROAD
WAYZATA, MN 55391
[REDACTED] - CELL
[REDACTED] - LAND LINE

Sent from AOL Mobile Mail
Council and staff,

Thank you for taking the time to answer my queries in reviewing this particular proposal.

As it came Friday and today is Monday, the timing is rather short for getting this information in an informed and accurate analysis to the neighbors surrounding the dealership property.

I had hoped **Redevelopment Signage** could be posted, and for a reasonable period of time, in front of the Nissan property ---indicating a major redevelopment proposal is under consideration.

I also had hoped to see a **view analysis** done by the developer showing in graphic lay terms what neighbors will ‘see’ from the surrounding residential properties, of the berm, the landscaping, the trees, any swales or walls screening the parking, maintenance, car wash and drive aisles area, etc.
This was requested during public input at the Planning Commission for elevations, berming, trees and screening issues -- to protect residential homes from commercial activities. The building size tripling is a bit difficult to screen, but mitigating the impacts to residential properties is a city priority. Providing drawings/renderings to show lay people what is proposed on the site and 'how it will look' from their properties is within the developers capability and is reasonable.

**My specific request of you today would be that this item be returned to staff** and with **direction to do Public Notification signage** ..before it reappears again in the future, for effective public review and input, at the Planning Commission.

Please post a redevelopment sign in front of building for a reasonable period of time prior to this item appearing at a future meeting of the Planning Commission.
Planning Commission meetings are advertised and televised, and input received before, during and after the Planning Commission meeting(s) through cable (re)broadcasts and local news allows for informing the public. Returning it to staff for a future planning commission hearing is a reasonable request that should not unduly impact the Walser group, and will allow neighbors, in particular, to review the new information provided, assess it, communicate questions and concerns with each other and staff, and provide feedback more effectively, prior to this coming before the Council at a future meeting.

Thank you for your attention to this.
Residential Property view of backside of Nissan and BMW

Regards,

Linda Koblick
351 Townes Road
City Council Agenda Item #14  
Meeting of May 20, 2019

Brief Description
Items concerning the demolition and construction of a new automobile dealership at 15906 Wayzata Blvd.

Recommendation
Adopt the following:

1) An ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) A resolution approving a conditional use permit, with a building-to-parking ratio variance, and a sign plan.

Proposal
Jack Grotkin (R.J. Ryan Construction), on behalf of Walser Nissan-Wayzata, is proposing to demolish the existing Nissan car dealership and construct a new car dealership building and associated site improvements.

Planning Commission Hearing
The planning commission considered the request on April 25, 2019. The commission report and associated plans are attached.

At the meeting, a public hearing was opened to take comments. Several area residents appeared before the commission. The residents stated that they did not believe that the proposal met the minimum standards for buffering. Specifically, the residents requested that the berm and vegetation north of the existing parking lot remain with any redevelopment of the site.

Following the public hearing, the commission discussed the proposal.

Planning Commission Recommendation
On a 5-0 vote, the commission recommended that the city council deny the proposal. The planning commission found that the proposal did not meet the design standards (City Code §300.31 Subd.7) for buffering from the residential properties to the north. The commission also recommended that the applicant provide visual renderings to demonstrate potential views from the properties to the north. After the planning commission hearing, additional comments were provided by a community member opposed to the redevelopment. (See attached minutes and community member comments.)

Revised Plans
After the planning commission meeting, the applicant submitted revised plans to address the comments provided at the April 25, 2019 meeting. The revised plans generally improve the project in all areas of concern by maintaining the existing berm and better preserving more existing trees. The improvements were accomplished mainly due to changes to the grading limits and fill. Other smaller revisions were made to the building. The result is the revised plan will provide increased buffering as compared to the original plan.
Meeting of May 20, 2019
Subject: WALSER NISSAN, 15906 Wayzata Blvd

Cross-section showing plan revisions to keep the northern berm and vegetation in-tact.

Below is a review of the changes made between the previously submitted plan and the revised plan.

Building Size and Height

The proposed building size has been increased with the revised plan by about 500 square feet, and the total height is unchanged. The height noted below is the highest point of the rear, sides, and the majority of the front of the building. However, there is a 13-foot wide portion of the front of the building that is three feet taller, or 35 feet tall.

With consideration to the existing and proposed grades, the revised plan would result in a building height elevation four feet taller than the existing building on the site.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Previous Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square Footage</td>
<td>34,084 sq. ft.</td>
<td>44,721 sq. ft.</td>
<td>45,216 sq. ft.</td>
<td>N/A</td>
</tr>
<tr>
<td>Height</td>
<td>34 ft.</td>
<td>32 ft.</td>
<td>32 ft.</td>
<td>N/A</td>
</tr>
<tr>
<td>Elevation Height</td>
<td>995 ft.</td>
<td>1,000 ft.</td>
<td>999 ft.</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Architectural

The layout of the proposed building has changed, with the parts storage space moving from the east side of the building to the west side. There are no changes to the exterior materials. A slight change in the percentage of materials is proposed. More metal panels are proposed for the side, and rear facades and less glass will be used on these elevations.

Previous Plan

<table>
<thead>
<tr>
<th></th>
<th>Metal Panels*</th>
<th>Glass*</th>
<th>Precast with Aggregate*</th>
<th>Garage Doors*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sq. ft.</td>
<td>%</td>
<td>sq. ft.</td>
<td>%</td>
</tr>
<tr>
<td>South Facade</td>
<td>2,290</td>
<td>37%</td>
<td>3,075</td>
<td>50%</td>
</tr>
<tr>
<td>East Facade</td>
<td>1,355</td>
<td>21%</td>
<td>1,380</td>
<td>21%</td>
</tr>
<tr>
<td>North Facade</td>
<td>400</td>
<td>6%</td>
<td>600</td>
<td>9%</td>
</tr>
<tr>
<td>West Facade</td>
<td>585</td>
<td>9%</td>
<td>1,430</td>
<td>22%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,630</td>
<td>18%</td>
<td>6,485</td>
<td>25%</td>
</tr>
</tbody>
</table>

*approximate
Revised Plan

<table>
<thead>
<tr>
<th></th>
<th>Metal Panels*</th>
<th>Glass*</th>
<th>Precast with Aggregate*</th>
<th>Garage Doors*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sq. ft.</td>
<td>%</td>
<td>sq. ft.</td>
<td>%</td>
</tr>
<tr>
<td>South Façade</td>
<td>2,220</td>
<td>33%</td>
<td>3,585</td>
<td>54%</td>
</tr>
<tr>
<td>East Facade</td>
<td>1,695</td>
<td>26%</td>
<td>1,015</td>
<td>15%</td>
</tr>
<tr>
<td>North Facade</td>
<td>850</td>
<td>12%</td>
<td>195</td>
<td>3%</td>
</tr>
<tr>
<td>West Facade</td>
<td>1,545</td>
<td>23%</td>
<td>455</td>
<td>7%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,310</strong></td>
<td><strong>23%</strong></td>
<td><strong>5,250</strong></td>
<td><strong>19%</strong></td>
</tr>
</tbody>
</table>

Building Setbacks

The building setbacks have changed slightly from the originally submitted plan. The revised proposal, similar to the previous plan, “pushes” the building towards the rear of the property, but maintains all setback requirements.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Previous Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Yard</td>
<td>35 ft.</td>
<td>210 ft.</td>
<td>215 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Side Yard (East)</td>
<td>120 ft.</td>
<td>60 ft.</td>
<td>50 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Side Yard (West)</td>
<td>85 ft.</td>
<td>50 ft.</td>
<td>50 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>Rear (North)</td>
<td>&gt;750</td>
<td>&gt;750 ft.</td>
<td>&gt;750 ft.</td>
<td>50 ft.</td>
</tr>
</tbody>
</table>

Parking Lot Setbacks and Number of Stalls

The parking lot setbacks have not changed from the previous plan to the revised plan.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Previous Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front Yard</td>
<td>0 ft.</td>
<td>20 ft.</td>
<td>20 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side Yard (East)</td>
<td>18 ft.</td>
<td>10 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side Yard (West)</td>
<td>0 ft.</td>
<td>10 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
</tbody>
</table>

The applicant has rearranged the parking on the site from the previous plan to the revised plan; however, the total number of the parking stalls has changed only slightly. The revised plan has four less parking spaces than the previously submitted plan and the parking space ratio has remained the same.

<table>
<thead>
<tr>
<th></th>
<th>Existing</th>
<th>Previous Plan</th>
<th>Revised Plan</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Parking Spaces</td>
<td>407</td>
<td>333</td>
<td>329</td>
<td>-</td>
</tr>
<tr>
<td>Parking Space Ratio (spaces per 200 square feet of building space)</td>
<td>2.4 per 200 square feet</td>
<td>1.5 per 200 square feet</td>
<td>1.5 per 200 square feet</td>
<td>1 per 200 square feet</td>
</tr>
</tbody>
</table>
Grading

The site will still undergo considerable earthwork to accommodate the new building and parking areas, with the majority of the site being raised. The revised plan will reduce the grading limits towards the rear of the site.

- **Front parking lot and proposed building footprint.** The proposed plan lowers the building floor elevation and front parking lot by approximately 1-foot.

- **Rear parking lot.** The images on the next page display the rear parking lot grading in the previous plan (top) and revised plan (bottom). The blue area represents the proposed building location in both of the plans. The red line represents the approximate location of the top of the existing berm. In the previous plan, the applicant had proposed parking lot grading north of the highpoint of the berm. In the revised plan, the grading plan would keep the highpoint of the berm in place. The parking lot would be 3-4 feet below the berm in the center and east side of the parking lot and 2 feet on the west.
• **Filtration Basin.** The stormwater filtration basin is largely unchanged. The revised plan reduces the grading between the basin and parking lot which is an improvement and allows the north face of the berm to remain intact.

• **Retaining Walls.** The applicant has proposed three retaining walls on the subject site.
  
  o **East.** The east retaining wall height has increased slightly (the wall ranges from three to 9.1 feet tall), but the location has remained the same between the two plans.
  
  o **West.** For the most part, the west retaining wall has remained the same between the two plans (ranging from 1.4 to 5.1 feet tall).
  
  o **North.** The large north retaining wall has been removed in the revised plans due to pulling the grading south of the top of the berm.

**Tree Impacts**

After a review of the revised plan, staff has determined that more significant trees would remain based on the proposed grading limits. Per the submitted plan, the applicant would be removing one evergreen and three deciduous trees on the existing berm. Sixteen trees on the berm would remain with the proposed plan, provided the applicant maintains the construction limits as shown on the plan. All of these trees were shown as removed on the previous plan.

As the proposal is for the redevelopment of the property, the level of tree removal/impact would be permitted under the tree protection ordinance.

<table>
<thead>
<tr>
<th></th>
<th>Previous Plan (total removed)</th>
<th>Revised Plan (total removed)</th>
<th>Ordinance</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority Trees Removed</td>
<td>100% (5)</td>
<td>60% (3)</td>
<td>N/A</td>
</tr>
<tr>
<td>Significant Trees Removed</td>
<td>75% (49)</td>
<td>53% (34)</td>
<td>N/A</td>
</tr>
</tbody>
</table>

**Buffering Requirement**

Similar to the previous plan, the proposed development area would be located approximately 700 feet from the nearest residential parcel, and about 800 feet from the nearest home. In addition to this distance, and differing from the previous plan, the applicant has pulled back grading to preserve the trees located on top of the existing berm and keep a small berm. The applicant has also proposed additional plantings on the north side of the parking lot to enhance buffering between the development site and properties to the north.

**Miscellaneous**

The revised plan reduces the total impervious surface from 72 percent (non-conforming) to 70 percent (conforming). The floor area ratio is unchanged between the two plans and, as such, would remain in conformance with city code.
Phasing Plan

Similar to the previous plan, the applicant has proposed to phase construction to keep the dealership business open during construction of the new building. (See attached).

- In the first phase, the rear portion of the existing building would be demolished while the proposed building would be constructed.
- In the second phase, after the construction of the proposed building, the remaining portion of the existing building would be demolished.

Staff generally finds this to be a reasonable request. However, a condition of approval has been added to the resolution requiring escrow money to cover the costs to demolish the existing building if needed.

Approvals Needed

The proposal requires (unchanged from the previous proposal):

- **Master Development Plan Amendment.** The applicant’s proposal would remove the existing building to construct a new building. As such, a new master development plan is required. Master development plans may be approved only by ordinance.

- **Site and Building Plan Review.** By city code, site and building plan review is required to construct a new commercial building.

- **Conditional Use Permit Amendment.** The proposed dealership would include 329 surface parking stalls, the majority of which would be used for inventory storage and display. Outdoor storage and display are allowed within the PID district only by conditional use permit. The site currently has a CUP for the auto dealership, auto repair, and auto body services, but does not have an approval for outdoor storage and display. The proposed project requires this conditional use permit.

- **Variances.**
  - **Parking Lot Setbacks.** By city code, surface parking lots must be setback at least 20 feet from public right-of-ways and exterior property lines. The current site has a 0-foot setback from the west property line and an 18-foot setback from the east property line. The applicant has proposed 10-foot setbacks to both west and east property lines, which require variances.
  
  - **Parking to Building Area Ratio.** Per the outdoor storage and display CUP standards, the parking-to-building square footage ratio may not exceed one space per 200 square feet. The applicant’s proposal would have 1.5 spaces per 200 square foot ratio, thus requiring a variance.
• **Sign Plan.** The applicant is requesting sign plan approval to allow for signage slightly different than would be allowed by the sign ordinance. The applicant proposes four wall signs that encompass 184 square feet to be displayed on the south elevation of the building. Staff has provided a condition limiting the total signage to 150 square feet, or 10 percent of the wall face.

**Staff Recommendation**

Staff recommends that the city council adopt the following related to the Walser Nissan Development at 15906 Wayzata Blvd. Note, the ordinance and resolution reference the revised plans.

1. Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2. Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

Through: Geralyn Barone, City Manager
Julie Wischnack, AICP, Community Development Director
Loren Gordon, AICP, City Planner

Originator: Drew Ingvalson, Planner
Proposed/Revised Plans
(Submitted After April 25\textsuperscript{th} PC Meeting)
1. Subject property's address is 15906 Wayzata Boulevard, its property identification number is 04-117-22-23-0013.
2. The gross area of the subject property is 10.30 Acres or 448,605 Square Feet.
3. The subject property is zoned PID I-394 District, per Minnetonka zoning map on City of Minnetonka web site.
4. The building(s) and exterior dimensions of the outside wall at ground level are shown on the survey. It may not be the foundation wall.

**SURVEY NOTES**

3. The leveling system for this survey is based on the Minnesota (County coordinate system, NAD83 (1986) Adjust). The west line of the northwest quadrant, Section 04, Township 117N, Range 22W is assumed to have N01°15'42"E. The originating monuments utilized to establish the horizontal position of this survey was the northwest section corner and the west quarter corner of said section.
4. Initial field work completed on 11/14/2018.
5. Additional field work completed on 12/31/2018.

**BENCHMARKS**

1. The vertical datum is based on NAVD88. The originating bench marks are MNDOT BM 2789 AA and MNDOT BM 2789 BA, both referenced from the MnDOT Geodetic Database.

**DESCRIPTION**

1. The subject property's address is 15906 Wayzata Boulevard, its property identification number is 04-117-22-23-0013.
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**PROPERTY SUMMARY**

1. The vertical datum is based on NAVD88. The originating bench marks are MNDOT BM 2789 AA and MNDOT BM 2789 BA, both referenced from the MnDOT Geodetic Database.

**SUMMARY**

1. The vertical datum is based on NAVD88. The originating bench marks are MNDOT BM 2789 AA and MNDOT BM 2789 BA, both referenced from the MnDOT Geodetic Database.
The image contains a site plan for a development project in Wayzata, Minnesota. The plan details various aspects of the site, including parking stalls, dimensions, and setbacks. The project involves relocating existing utilities and determining the exact location of all existing subsurface utility data. The plan also outlines guidelines for the collection and depiction of existing data according to ASCE/CI 38-02, titled "Standard Guidelines for the Collection and Depiction of Existing Subsurface Utility Data." It emphasizes the responsibility of the contractor to relocate all existing utilities that conflict with the proposed layout and to notify the engineer of any drain tile within the site. The plan also includes details on the proposed building, parking stalls, and setbacks, ensuring compliance with city regulations and standards.
**SCALE IN FEET**

**IMPROVEMENTS SHOWN ON THE PLANS.**

It shall be the responsibility of the contractor to relocate all existing utilities which conflict with the proposed north invert and if the tile line is active. No drain tile shall be backfilled without approval from the project engineer.

According to the guidelines of ASCE/CI 38-02, titled "Standard Guidelines for the Collection and Depiction of Existing"...
**GENERAL EROSION NOTES:**

1. Construction shall comply with all applicable governing codes and be constructed to same. Where a conflict exists between local jurisdictional standard specifications and any of the specifications herein, the standard specifications shall control. Therefore, it is the responsibility of each subcontractor involved with storm water pollution prevention to obtain a copy of the SWPPP and theocus of Minnesota Department of Transportation Specifications and all other related documents and become familiar with the contents. The SWPPP and all other related documents must be kept at the site offices.

2. Contractor shall comply with training requirements in Part 21.1 - 21.3 of the General Permit. Additional BMPs shall be implemented as dictated by conditions at no additional cost to Contractor.

3. Contractor shall be responsible for completing and submitting the application for the MPCA General Stormwater Permit for Construction Activity. All contractors and subcontractors involved with storm water pollution prevention shall obtain a copy of the SWPPP and the Season of Planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.

4. Construction site vehicle exit locations must be inspected for evidence of off-site sediment tracking onto paved surfaces. Tracked sediment must be removed from all off-site paved surfaces, within 24 hours of discovery, or if applicable, within a shorter time to comply with Part 9.11 - 9.12 of the General Permit.

5. Contractor is responsible for the operation and maintenance of temporary and permanent water quality management BMPs, as well as all erosion prevention and sediment control measures.

6. If sediment escapes the construction site, off-site accumulations of sediment must be removed in a manner and at a frequency sufficient to minimize off-site impacts.

7. All infiltration areas must be inspected to ensure that no sediment from ongoing construction activities is reaching the infiltration area and these areas are protected.

8. Areas to be seeded and mulched or otherwise stabilized in a manner acceptable by the Minnesota Department of Transportation Specifications may be used in place of temporary mulch.

9. General contractor shall denote on plan the temporary parking and storage area which shall also be used as the equipment maintenance and cleaning area, employee parking, and equipment and material storage area.

10. Dust on the site shall be controlled. The use of motor oils and other petroleum based or toxic liquids for dust suppression operations is prohibited.

11. On-site & off-site soil stockpile and borrow areas shall be protected from erosion and sedimentation through implementation of BMPs. Stockpile and borrow area base and toes shall be protected with graded earth or other similar materials.

12. Slopes shall be left in a roughened condition during the grading phase to reduce runoff velocities and erosion.

13. Dust on the site shall be controlled. The use of motor oils and other petroleum based or toxic liquids for dust suppression operations is prohibited.

14. Concrete washout area shall be repaired and enlarged or cleaned out as needed prior to disposal.

15. Concrete washout area shall be repaired and enlarged or cleaned out as needed prior to disposal.

16. Site planing number 21-001 or 21-002 shall be used depending on the season of planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.

17. Site planing number 21-001 or 21-002 shall be used depending on the season of planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.

18. Concrete washout area shall be repaired and enlarged or cleaned out as needed prior to disposal.

19. Concrete washout area shall be repaired and enlarged or cleaned out as needed prior to disposal.

20. On-site & off-site soil stockpile and borrow areas shall be protected from erosion and sedimentation through implementation of BMPs. Stockpile and borrow area base and toes shall be protected with graded earth or other similar materials.

21. Construction shall comply with all applicable governing codes and be constructed to same. Where a conflict exists between local jurisdictional standard specifications and any of the specifications herein, the standard specifications shall control. Therefore, it is the responsibility of each subcontractor involved with storm water pollution prevention to obtain a copy of the SWPPP and theocus of Minnesota Department of Transportation Specifications and all other related documents and become familiar with the contents. The SWPPP and all other related documents must be kept at the site offices.

22. Silt fence material shall be securely fastened overlapping ends of silt fence material.

23. Due to the grade changes during the development of the project, contractor shall be responsible for adjusting the erosion control measures (silt fences, check dams, compacted embankment) as required for the construction, grading, and landscaping plans, or as directed by permitting agency or owner.

24. Silt fence inlet protection (IP-1) and road drain inlet protection (IP-2) shall be installed at least 1" vertically apart.

25. Site planing number 21-001 or 21-002 shall be used depending on the season of planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.

26. Site planing number 21-001 or 21-002 shall be used depending on the season of planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.

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50. Site planing number 21-001 or 21-002 shall be used depending on the season of planting (MN DOT Specification Section 2575.3) seeding method and application rate shall be followed.
SECTION 1: SITE EVALUATION, ASSESSMENT, AND PLANNING
1.1 PROJECT/SITE INFORMATION
WALSER NISSAN WAYZATA
15906 WAYZATA BOULEVARD
CITY: MINNETONKA
STATE: MN
ZIP CODE: 55391
COUNTY: HENNIPEN

THE PROJECT IS LOCATED ALONG WAYZATA BLVD BETWEEN GLEASON LAKE RD AND TWELVE
OAKS CENTER DR.

NPDES PERMIT NUMBER:

1.2 CONTACT INFORMATION/RESPONSIBLE PARTIES
COMPANY/ORGANIZATION NAME: R.J. RYAN CONSTRUCTION, INC.
CONTACT NAME:
ADDRESS: 110 MENDOTA HEIGHTS RD
CITY, STATE, ZIP CODE: MENDOTA HEIGHTS, MN 55120
TELEPHONE NUMBER:

THIS SWPPP HAS BEEN PREPARED FOR MAJOR ACTIVITIES ASSOCIATED WITH CONSTRUCTION
OF WALSER NISSAN WAYZATA, A REDEVELOPED COMMERCIAL LOT. CONSTRUCTION WILL
INCLUDE THE REMOVAL OF AN EXISTING BUILDING, AND CONSTRUCTION OF A NEW BUILDING
AND PARKING LOT.
ANTICIPATED APPROXIMATE TIMELINES:
ESTIMATED PROJECT START DATE:
ESTIMATED PROJECT COMPLETION DATE:

06/01/2019

12/31/2019

1.4 SOILS, SLOPES, VEGETATION, AND CURRENT DRAINAGE PATTERNS
SOIL TYPE(S):
SOIL BORINGS WERE TAKEN BY BRAUN INTERTEC AND INDICATED CLAYEY SOILS ON SITE,
CLASSIFIED AS HSG TYPE D SOILS. THESESOILS HAVE SLOW INFILTRATION RATES.
SLOPES:
HIGH GROUND EXISTS AT THE SOUTH SIDE OF THE SITE AT DRAINS MOSTLY TO AN EXISTING
POND BEFORE DRAINING TO THE WETLAND. A SMALL AREA IN THE SOUTH EAST OF THE SITE
DRAINS TO WAYZATA BLVD. SLOPES RANGE FROM 2-40% AND RANGE FROM GENERALLY FLAT
TO STEEP. PROPOSED SLOPES RANGE FROM 3-33%.
DRAINAGE PATTERNS:

THE SITE DRAINS OFFSITE TO THE NORTH WETLAND AND TO THE SOUTH TO WAYZATA
BLVD.

FAX/EMAIL:

GENERAL CONTRACTOR (TO BE COMPLETED BY GENERAL CONTRACTOR):
COMPANY/ORGANIZATION NAME:
CONTACT NAME:
ADDRESS:
CITY, STATE, ZIP CODE:
TELEPHONE NUMBER:
FAX/EMAIL:
INSERT AREA OF CONTROL (IF MORE THAN ONE OPERATOR AT SITE):

THE GENERAL CONTRACTOR SHALL COMPLY WITH THE REQUIREMENTS OF THE MINNESOTA
GENERAL PERMIT AUTHORIZATION TO DISCHARGE STORM WATER ASSOCIATED WITH
CONSTRUCTION ACTIVITY UNDER THE NATIONAL POLLUTION DISCHARGE ELIMINATION
SYSTEM/STATE DISPOSAL SYSTEM PERMIT PROGRAM (GENERAL PERMIT). THE GENERAL
CONTRACTOR MUST COMPLY WITH ANY LOCAL GOVERNING AGENCY (LGU) HAVING
JURISDICTION CONCERNING EROSION AND SEDIMENT CONTROL. THE GENERAL CONTRACTOR
SHALL BE REQUIRED TO BE A CO-APPLICANT WITH THE OWNER. THE GENERAL CONTRACTOR
SHALL BE RESPONSIBLE FOR MAINTENANCE OF THE EROSION AND SEDIMENT CONTROL DEVICES.
THE “APPLICATION FOR GENERAL STORM-WATER PERMIT FOR CONSTRUCTION ACTIVITY (MN
R100001)” SHALL BE COMPLETED BY THE GENERAL CONTRACTOR AND SUBMITTED ONLINE,
ALONG WITH THE REQUIRED APPLICATION FEE, THROUGH THE MPCA'S WEBSITE.

UNLESS NOTIFIED BY THE MINNESOTA POLLUTION CONTROL AGENCY (MPCA) TO THE
CONTRARY, APPLICANTS WHO SUBMIT A COMPLETE APPLICATION FORM IN ACCORDANCE WITH
THE REQUIREMENTS OF THE GENERAL PERMIT ARE AUTHORIZED TO DISCHARGE STORM WATER
FROM THE CONSTRUCTION SITE UNDER THE TERMS AND CONDITIONS OF THIS PERMIT SEVEN
(7) CALENDAR DAYS THE ONLINE APPLICATION PROCESS IS
COMPLETE(HTTPS://NETWEB.PCA.STATE.MN.US/PRIVATE/).

VEGETATION:
THE SITE IS CURRENTLY A COMMERCIAL LOT WITH 4.1 AC OF IMPERVIOUS SURFACE. THE
PROPOSED SITE WILL BE SODDED AND CREATE 4.3 AC OF IMPERVIOUS SURFACE.
RAINFALL INFORMATION:
RAINFALL INFORMATION - THE AVERAGE TOTAL ANNUAL PRECIPITATION IS ABOUT 28.32
INCHES. OF THIS ABOUT 17.31 INCHES, OR 61 PERCENT, USUALLY FALLS IN MAY THROUGH
SEPTEMBER. THE AVERAGE ANNUAL SNOWFALL IS 57.3 INCHES.

1.5 CONSTRUCTION SITE ESTIMATES
PROJECT AREA SUMMARY:
TOTAL PROJECT AREA: 10.3 ACRES
CONSTRUCTION SITE AREA TO BE DISTURBED: 5.3 ACRES
IMPERVIOUS AREAS:
IMPERVIOUS AREA BEFORE CONSTRUCTION (ACRES): 4.1
IMPERVIOUS AREA AFTER CONSTRUCTION (ACRES): 3.9

1.6 RECEIVING WATERS
DESCRIPTION OF RECEIVING WATERS:
THERE ARE NO IMPAIRED OR SPECIAL RECIEVING WATERS WITHIN 1 MILE OF THE SITE.

1.7 SITE FEATURES AND SENSITIVE AREAS TO BE PROTECTED
EXISTING VEGETATION WILL BE PRESERVED WHEN POSSIBLE ADJACENT TO THESE AREAS AND
PERIMETER PROTECTION WILL BE INSTALLED ON ALL DOWN GRADIENT PERIMETERS.
CONSTRUCTION ACTIVITY REQUIREMENTS IN PART IV OF THE NPDES GENERAL STORMWATER
PERMIT SHALL BE FOLLOWED. SEE EROSION CONTROL PLANS IN APPENDIX B FOR LOCATIONS.

ADDITIONALLY, AUTHORIZATION WILL BE DELAYED UNDER THE FOLLOWING CIRCUMSTANCES:
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IF THE PROJECT DISTURBS 50 ACRES OR MORE AND HAS A DISCHARGE POINT WITHIN 1
MILE AND FLOWS TO AN IMPAIRED OR SPECIAL WATER WHOSE DISCHARGE MAY
REACH AN IMPAIRED OR SPECIAL WATER LISTED IN SECTION 23 OF THE GENERAL
PERMIT THE APPLICANT SHALL SUBMIT THE STORM WATER POLLUTION PREVENTION
PLAN AND A COMPLETED APPLICATION AT LEAST 30 CALENDAR DAYS PRIOR TO THE
COMMENCEMENT OF CONSTRUCTION ACTIVITIES. UNLESS NOTIFIED BY THE MPCA TO
THE CONTRARY, COVERAGE BECOMES EFFECTIVE 30 CALENDAR DAYS AFTER THE
POSTMARKED DATE OF THE COMPLETED APPLICATION.

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IF THE PROJECT INCLUDES ALTERNATIVE METHODS THE APPLICATION AND TWO
ALTERNATIVE TREATMENT PLANS MUST BE SUBMITTED A MINIMUM OF 90 DAY
BEFORE CONSTRUCTION STARTS.

EROSION & SEDIMENT CONTROL SUBCONTRACTOR (RESPONSIBLE FOR IMPLEMENTING &
UPDATING SWPPP - TO BE COMPLETED BY CONTRACTOR):
COMPANY/ORGANIZATION NAME:
CONTACT NAME:
ADDRESS:
CITY, STATE, ZIP CODE:
TELEPHONE NUMBER:
FAX/EMAIL:

EROSION & SEDIMENT CONTROL INSPECTOR (SEE PART 6.1 OF THIS SWPPP FOR MORE
INFORMATION ON INSPECTION RESPONSIBILITIES- TO BE COMPLETED BY CONTRACTOR):
COMPANY/ORGANIZATION NAME:
CONTACT NAME:
ADDRESS:
CITY, STATE, ZIP CODE:
TELEPHONE NUMBER:
FAX/EMAIL:

1.8 POTENTIAL SOURCES OF POLLUTION
POTENTIAL SOURCES OF SEDIMENT AND OTHER POLLUTANTS TO STORMWATER RUNOFF:
CONSTRUCTION PHASE POLLUTANT SOURCES ANTICIPATED AT THE SITE ARE DISTURBED
(BARE) SOIL, VEHICLE FUELS AND LUBRICANTS, CHEMICALS ASSOCIATED WITH BUILDING
CONSTRUCTION, AND BUILDING MATERIALS. WITHOUT ADEQUATE CONTROL THERE IS THE
POTENTIAL FOR EACH TYPE OF POLLUTANT TO BE TRANSPORTED BY STORM WATER.

1.9 ENDANGERED/THREATENED SPECIES
NO KNOWN THREATENED OR ENDANGERED SPECIES ARE PRESENT ON SITE.

1.10 HISTORIC PRESERVATION
THERE ARE NO KNOWN HISTORIC SITES ON OR NEAR THE CONSTRUCTION SITE.

1.11 APPLICABLE FEDERAL, TRIBAL, STATE OR LOCAL PROGRAMS
LOCAL GOVERNING UNIT (LGU) REQUIREMENTS:
STORMWATER MANAGEMENT AND EROSION AND SEDIMENT CONTROL ARE PROVIDED AS
REQUIRED BY THE MPCA NPDES CONSTRUCTION STORMWATER PERMIT, CITY OF
MINNETONKA, AND MINNEHAHA CREEK WATERSHED DISTRICT.

1.12 MITIGATION MEASURES FROM ENVIRONMENTAL
REVIEWS/TMDLS/IMPAIRED WATERS
1.13 MAPS
EROSION AND SEDIMENT CONTROL PLANS:
THE FOLLOWING SITE DEVELOPMENT PLAN SHEETS ARE AN INTEGRAL PART OF THIS SWPPP:
C-5.01 - PHASE I EROSION AND SEDIMENTATION CONTROL PLAN
C-5.02 - PHASE II EROSION AND SEDIMENTATION CONTROL PLAN
C-5.03 - EROSION AND SEDIMENTATION CONTROL NOTES & DETAILS

FAX/EMAIL:

THE GENERAL CONTRACTOR SHALL PROVIDE A CHAIN OF RESPONSIBILITY WITH ALL OPERATORS
ON THE SITE TO ENSURE THAT THE SWPPP WILL BE IMPLEMENTED AND STAY IN EFFECT UNTIL
THE CONSTRUCTION PROJECT IS COMPLETE AND THE NOT SUBMITTED.

THIS SWPPP WAS PREPARED BY:
COMPANY/ORGANIZATION NAME: SAMBATEK,INC
CONTACT NAME: REBECCA WELCH
ADDRESS: 12800 WHITEWATER DRIVE
CITY, STATE, ZIP CODE: MINNETONKA, MN 55343
TELEPHONE NUMBER:763-476-6010
FAX/EMAIL: RWELCH@SAMBATEK.COM
SWPPP DESIGNER CERTIFICATION CARD:

1.3 NATURE OF CONSTRUCTION ACTIVITY
NATURE OF CONSTRUCTION:

SEDIMENT CONTROL PRACTICES MUST ALWAYS BE ESTABLISHED ON ALL DOWN GRADIENT
PERIMETERS AND BE LOCATED UPGRADIENT OF ANY BUFFER ZONES. THE PERIMETER
SEDIMENT CONTROL PRACTICES MUST BE IN PLACE BEFORE ANY UP GRADIENT LAND
DISTURBING ACTIVITIES BEGIN. THESE PRACTICES MUST REMAIN IN PLACE UNTIL FINAL
STABILIZATION IS ACHIEVED (SEE SECTION 8 OF THIS SWPPP).
THE TIMING OF THE INSTALLATION OF SEDIMENT CONTROL PRACTICES MAY BE ADJUSTED TO
ACCOMMODATE SHORT-TERM ACTIVITIES SUCH AS CLEARING OR GRUBBING, OR PASSAGE OF
VEHICLES. ANY SHORT TERM ACTIVITY MUST BE COMPLETED AS QUICKLY AS POSSIBLE AND
THE SEDIMENT CONTROL PRACTICES MUST BE RE-INSTALLED IMMEDIATELY AFTER THE
ACTIVITY IS COMPLETED. SEDIMENT CONTROL PRACTICES MUST BE INSTALLED BEFORE THE
NEXT RAIN EVENT EVEN IF THE ACTIVITY IS NOT COMPLETE.

2.1 SEQUENCE OF CONSTRUCTION ACTIVITIES
PHASE I:
1. INSTALL STABILIZED CONSTRUCTION ENTRANCES.
2. PREPARE TEMPORARY PARKING AND STORAGE AREA.
3. CONSTRUCT THE SILT FENCES ON THE SITE.
4.
INSTALL INLET PROTECTION DEVICES ON EXISTING STORM STRUCTURES, AS SHOWN ON THE
PLAN.
5. CONSTRUCT THE SEDIMENTATION AND SEDIMENT TRAP BASINS, AS REQUIRED.
6.
HALT ALL ACTIVITIES AND CONTACT THE CIVIL ENGINEERING CONSULTANT TO PERFORM
INSPECTION OF BMPs. GENERAL CONTRACTOR SHALL SCHEDULE AND CONDUCT STORM WATER
PRE-CONSTRUCTION MEETING WITH ENGINEER AND ALL GROUND DISTURBING CONTRACTORS
BEFORE PROCEEDING WITH CONSTRUCTION.
7.
CLEAR AND GRUB THE SITE.
8.
BEGIN GRADING THE SITE.
9.
START CONSTRUCTION OF BUILDING PAD AND STRUCTURES.
PHASE II:
1. TEMPORARILY SEED DENUDED AREAS.
2. INSTALL UTILITIES, UNDERDRAINS, STORM SEWERS, CURBS AND GUTTERS.
3. INSTALL RIP RAP AROUND OUTLET STRUCTURES.
4. INSTALL INLET PROTECTION AROUND ALL STORM SEWER STRUCTURES.
5. PREPARE SITE FOR PAVING.
6. PAVE SITE.
7. INSTALL INLET PROTECTION DEVICES.
8. COMPLETE GRADING AND INSTALL PERMANENT SEEDING AND PLANTING.
9. REMOVE ALL TEMPORARY EROSION AND SEDIMENT CONTROL DEVICES (ONLY IF SITE IS
STABILIZED), IF REQUIRED BY THE CONTRACT

SECTION 2: EROSION AND SEDIMENT CONTROL BMPS
EROSION CONTROL BMPS:
THE PURPOSE OF EROSION CONTROL IS TO PREVENT SOIL PARTICLES FROM BECOMING
SUSPENDED IN WATER AND BEING TRANSPORTED TO EITHER DOWNSTREAM SURFACE WATERS
OR DOWNSTREAM PROPERTIES.
APPROPRIATE CONSTRUCTION PHASING, VEGETATIVE BUFFER STRIPS, HORIZONTAL SLOPE
GRADING, AND OTHER CONSTRUCTION PRACTICES THAT MINIMIZE EROSION MUST BE
PLANNED FOR AND IMPLEMENTED.
IN THE NATURAL CONDITION, SOIL IS STABILIZED BY NATIVE VEGETATION. THE PRIMARY
TECHNIQUE TO BE USED AT THIS PROJECT FOR FINAL STABILIZATION OF SITE SOIL WILL BE TO
PROVIDE A PROTECTIVE COVER OF VEGETATION, PAVEMENT, OR BUILDING.

ALL EXPOSED AREAS MUST BE STABILIZED AS SOON AS POSSIBLE (BUT NO LATER THAN THE
NEXT WORK DAY) TO LIMIT SOIL EROSION, BUT IN NO CASE LATER THAN 14 DAYS AFTER THE
CONSTRUCTION ACTIVITY IN THAT PORTION OF THE SITE HAS TEMPORARILY OR
PERMANENTLY CEASED. TEMPORARY SOIL STOCKPILES WITHOUT SIGNIFICANT SILT, CLAY
OR ORGANIC COMPONENTS (E.G. CLEAN AGGREGATED STOCKPILES, DEMOLITION CONCRETE
STOCKPILES, SAND STOCKPILES) AND THE CONSTRUCTED BASE COMPONENTS OF ROADS,
PARKING LOTS AND SIMILAR SURFACES ARE EXEMPT FROM THIS REQUIREMENT, BUT MUST
COMPLY WITH SECTION 2.7 OF THIS SWPPP (SECTION 8.4, 9.9, 9.10, AND 23.9 OF THE
GENERAL PERMIT).
SEDIMENT CONTROL BMPS:
THE PURPOSE OF SEDIMENT CONTROL IS TO PREVENT SOIL PARTICLES THAT HAVE BEEN
SUSPENDED IN WATER FROM ENTERING SURFACE WATERS, INCLUDING CURB AND GUTTER
SYSTEMS AND STORM SEWER INLETS. SEDIMENT CONTROL BMPS HAVE BEEN DESIGNED AS
PART OF THIS SWPPP.

NO LONGER THAN 24 HOURS AFTER DISCOVERY. (SECTION 9.11 AND 9.12 OF THE GENERAL
PERMIT)

MAINTENANCE AND INSPECTION REQUIREMENTS: TO FUNCTION PROPERLY, EROSION
CONTROL BLANKETS MUST BE IN CONTACT WITH THE SOIL BENEATH THE BLANKET. BLANKETS
MUST BE SECURED PER THE CONSTRUCTION DETAIL PROVIDED WITH THE SWPPP PLAN SHEETS.
INSPECT BLANKETS EVERY 7 DAYS OR WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT.
REPAIR OR REPLACE NON-FUNCTIONAL BLANKETS WITHIN 24 HOURS AFTER DISCOVERY.

INSTALLATION SCHEDULE: INSTALL VEHICLE TRACKING PAD AS SHOWN ON THE SWPPP PLAN
SHEETS AS SOON AS POSSIBLE AT THE BEGINNING OF CONSTRUCTION ACTIVITIES. INSTALL
ADDITIONAL VEHICLE TRACKING PADS AS NEEDED THROUGHOUT CONSTRUCTION.

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

2.6 PROTECT STORM DRAIN INLETS
ALL STORM DRAIN INLETS MUST BE PROTECTED BY APPROPRIATE MEANS DURING
CONSTRUCTION UNTIL ALL SOURCES WITH POTENTIAL FOR DISCHARGING TO THE INLET HAVE
BEEN STABILIZED. INLET PROTECTION MAY BE REMOVED FOR A PARTICULAR INLET IF A
SPECIFIC SAFETY CONCERN (STREET FLOODING/FREEZING) HAS BEEN IDENTIFIED AND
PERMITTEE(S) HAVE RECEIVED WRITTEN CORRESPONDENCE FROM THE JURISDICTIONAL
AUTHORITY (E.G. CITY/COUNTY/TOWNSHIP/MNDOT/ETC.) VERIFYING THE NEED FOR
REMOVAL. THE WRITTEN CORRESPONDENCE MUST BE DOCUMENTED IN THIS SWPPP.

2.3 CONTROL STORMWATER FLOWING ONTO AND THROUGH THE
PROJECT
MEASURES SHOULD BE TAKEN TO ENSURE THAT “CLEAN” RUNOFF FROM OFF SITE IS DIVERTED
AROUND DISTURBED AREAS ON SITE. CARE SHOULD BE TAKEN THAT RE-ROUTING OFF SITE
RUNOFF DOES NOT RESULT IN FLOODING OR OTHER ISSUES ON ADJACENT PROPERTIES.

MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT SILT FENCE EVERY 7 DAYS OR
WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT. SEDIMENT ACCUMULATIONS SHOULD
BE REMOVED WHEN SEDIMENT BUILD-UP REACHES 1/2 THE HEIGHT OF THE SILT FENCE. THIS
MAINTENANCE MUST BE COMPLETED WITHIN 24 HOURS OF DISCOVERY.
RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT INLET PROTECTION EVERY 7
DAYS OR WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT. SEDIMENT ACCUMULATIONS
SHOULD BE REMOVED WHEN SEDIMENT BUILD-UP REACHES 1/2 THE CAPACITY OF THE
DEVICE, OR, IF MORE STRINGENT, IN ACCORDANCE WITH MANUFACTURER
RECOMMENDATIONS. THIS MAINTENANCE MUST BE COMPLETED WITHIN 24 HOURS OF
DISCOVERY.

TEMPORARY SOIL STOCKPILES MUST HAVE SILT FENCE OR OTHER EFFECTIVE SEDIMENT
CONTROLS, AND CANNOT BE PLACED IN ANY NATURAL BUFFERS OR SURFACE WATERS,
INCLUDING STORMWATER CONVEYANCES SUCH AS CURB AND GUTTER SYSTEMS, OR
CONDUITS AND DITCHES UNLESS THERE IS A BYPASS IN PLACE FOR THE STORMWATER.

MAINTENANCE AND INSPECTION REQUIREMENTS: THE WETTED PERIMETER OF ANY
TEMPORARY OR PERMANENT DRAINAGE DITCH MUST BE STABILIZED WITHIN 200 LINEAL FEET
FROM THE PROPERTY EDGE OR FROM THE POINT OF DISCHARGE INTO ANY SURFACE WATER.
THIS STABILIZATION MUST BE COMPLETED WITHIN 24 HOURS OF CONNECTING TO A SURFACE
WATER. THE REMAINDER OF THE DITCH MUST BE STABILIZED WITHIN 14 DAYS OF CONNECTING
TO A SURFACE WATER AND AFTER CONSTRUCTION HAS CEASED.

MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT SILT FENCE EVERY 7 DAYS OR
WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT. SEDIMENT ACCUMULATIONS SHOULD
BE REMOVED WHEN SEDIMENT BUILD-UP REACHES 1/2 THE HEIGHT OF THE SILT FENCE. THIS
MAINTENANCE MUST BE COMPLETED WITHIN 24 HOURS OF DISCOVERY.

PERMANENT STABILIZATION - ALL AREAS AT FINAL GRADE MUST BE STABILIZED WITHIN 14
DAYS AFTER COMPLETION OF THE MAJOR CONSTRUCTION ACTIVITY. PERMANENT
STABILIZATION MUST BE INITIATED IMMEDIATELY WERE WORK HAS PERMANENTLY CEASED
AND MUST BE COMPLETED NO LATER THAN 14 CALENDAR DAYS AFTER CONSTRUCTION
ACTIVITY IN THAT PORTION OF THE SITE HAS PERMANENTLY CEASED. SEEDED AREAS SHALL BE
PROTECTED WITH MULCH. PERMANENT MULCH SHALL CONFORM TO MN/DOT SPECIFICATION
3882, TYPE 3 AT 2 TONS/ACRE AND SHALL BE DISK ANCHORED. HYDRAULIC SOIL STABILIZER
MAY BE USED IN PLACE OF MULCH IF APPROVED BY CIVIL ENGINEER. IF HYDRAULIC SOIL
STABILIZER IS USED, IT SHALL BE MN/DOT TYPE 6. PERMANENT STABILIZATION WILL CONSIST
OF SODDING AS OUTLINED IN THE LANSCAPING PLANS.

2.5 PROTECT SLOPES
STEEP SLOPE AREAS - THE CONTRACTOR MUST MINIMIZE THE NEED FOR DISTURBANCE OF
PORTIONS OF THE PROJECT THAT HAVE STEEP SLOPES (3:1 OR STEEPER). FOR THOSE SLOPED
AREAS WHICH MUST BE DISTURBED, THE CONTRACTOR MUST USE TECHNIQUES SUCH AS
PHASING AND STABILIZATION PRACTICES DESIGNED FOR STEEP SLOPES, SUCH AS DRAINING AND
TERRACING. SLOPES STEEPER THAN 3:1 MUST BE PROTECTED BY EROSION CONTROL BLANKETS.
BMP DESCRIPTION: EROSION CONTROL BLANKET

Project

WALSER NISSAN
WAYZATA

Location

MINNETONKA,
MN

ALL STRUCTURAL SEDIMENT CONTROLS INTENDED TO RECEIVE AND TREAT CONSTRUCTION
RUNOFF MUST BE IN PLACE BEFORE ANY UP GRADIENT LAND ALTERATION CAN BEGIN AND
MUST STAY IN OPERATION UNTIL FINAL STABILIZATION OF THE SITE HAS BEEN ACHIEVED.

INSTALLATION SCHEDULE: INSTALL SILT FENCE AS DIRECTED ON THE SWPPP PLAN SHEETS,
AND AS NEEDED THROUGHOUT CONSTRUCTION, PRIOR TO COMMENCING UP GRADIENT
LAND DISTURBING ACTIVITIES.

1. TEMPORARY SEEDING - DISTURBED AREAS THAT ARE NOT YET AT FINAL GRADE BUT THAT
WILL NOT BE ACTIVELY WORKED FOR 14 DAYS OR MORE MUST BE TEMPORARILY
STABILIZED. TEMPORARY STABILIZATION MUST BE INITIATED IMMEDIATELY WHERE WORK
HAS TEMPORARILY CEASED AND MUST BE COMPLETED NO LATER THAN 14 CALENDAR
DAYS AFTER WORK IN THAT PORTION OF THE SITE HAS TEMPORARILY CEASED.
TEMPORARY SEEDING SHALL BE IN ACCORDANCE WITH MN/DOT SEED MIXTURE NUMBER
21-111 OR 21-112 DEPENDING ON THE SEASON OF PLANTING (SEE MN/DOT
SPECIFICATION SECTION 2575.3) SEEDING METHOD AND APPLICATION RATE SHALL
CONFORM TO MN/DOT SPECIFICATION SECTION 2575.3. TEMPORARY MULCH SHALL BE
APPLIED IN ACCORDANCE WITH MN/DOT SPECIFICATION SECTION 2575.3C.
ALTERNATIVELY, HYDRAULIC SOIL STABILIZER IN ACCORDANCE WITH MN/DOT
SPECIFICATION SECTION 2575.3E MAY BE USED IN PLACE OF TEMPORARY MULCH.

1100 MENDOTA HEIGHTS RD,
MENDOTA HEIGHTS, MN 55120

2.7 ESTABLISH PERIMETER CONTROLS AND SEDIMENT BARRIERS

INSTALLATION SCHEDULE: INSTALL TEMPORARY DIVERSION DITCHES AS SHOWN ON THE SWPPP
PLAN SHEETS, AND AS NEEDED THROUGHOUT CONSTRUCTION, PRIOR TO UP GRADIENT GROUND
DISTURBING ACTIVITIES

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

R.J. RYAN
CONSTRUCTION,
INC.

15906 WAYZATA BOULEVARD

BMP DESCRIPTION: SILT FENCE

DITCHES MUST BE INSPECTED EVERY 7 DAYS, AND WITHIN 24 HOURS AFTER A 0.5” 24-HOUR
RAIN EVENT. ANY SEDIMENT DEPOSITED IN DIVERSION DITCHES MUST BE REMOVED AND
ANY EXPOSED SOILS STABILIZED WITHIN 7 DAYS OF DISCOVERY UNLESS PRECLUDED BY LEGAL,
REGULATORY, OR PHYSICAL ACCESS CONSTRAINTS. IF PRECLUDED, NOTE REASON FOR DELAY
ON MAINTENANCE LOG.

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

Client

BMP DESCRIPTION: INLET PROTECTION (INLET INSERT DEVICE)
INSTALLATION SCHEDULE: INSTALL INLET PROTECTION IN EXISTING STRUCTURES AS DIRECTED
ON THE SWPPP PLAN SHEETS, AND AS NEEDED THROUGHOUT CONSTRUCTION, PRIOR TO
BEGINNING GROUND DISTURBING ACTIVITIES UP GRADIENT OF THE INLET. INSTALL INLET
PROTECTION ON NEW STRUCTURES AS SOON AS THE STRUCTURES ARE PUT INTO USE.

BMP DESCRIPTION: TEMPORARY DIVERSION DITCH

TEMPORARY OR PERMANENT DITCHES THAT ARE BEING USED AS A SEDIMENT CONTAINMENT
SYSTEM DO NOT NEED TO BE STABILIZED, BUT MUST BE STABILIZED WITHIN 24 HOURS AFTER NO
LONGER BEING USED AS A SEDIMENT CONTAINMENT SYSTEM.

MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT VEHICLE TRACKING PADS EVERY 7
DAYS OR WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT. VEHICLE TRACKING PADS
MUST BE PERIODICALLY 'REFRESHED' TO ENSURE PROPER FUNCTIONALITY. MAINTENANCE
SHOULD BE PERFORMED WHEN THE EXIT APPEARS SMOOTH AND COMPACTED OR WHEN THE
VEHICLE TRACKING PAD CEASES TO FUNCTION PROPERLY. VEHICLE TRACKING PAD LOCATIONS
SHOULD BE INSPECTED FOR SIGNS OF OFF-SITE SEDIMENT TRACKING. TRACKED SEDIMENT
MUST BE REMOVED FROM ALL PAVED SURFACES WITHIN 24 HOURS OF DISCOVERY. STREET
SWEEPING MUST BE USED IF VEHICLE TRACKING PADS ARE NOT ADEQUATE TO PREVENT
SEDIMENT FROM BEING TRACKED ONTO THE STREET.

INSTALLATION SCHEDULE: INSTALL INLET PROTECTION IN EXISTING STRUCTURES AS DIRECTED
ON THE SWPPP PLAN SHEETS, AND AS NEEDED THROUGHOUT CONSTRUCTION, PRIOR TO
BEGINNING GROUND DISTURBING ACTIVITIES UP GRADIENT OF THE INLET. INSTALL INLET
PROTECTION ON NEW STRUCTURES AS SOON AS THE STRUCTURES ARE PUT INTO USE.

2.2 PRESERVE 50 FOOT NATURAL BUFFER
THE CONTRACTOR MUST PRESERVE A 50 FOOT NATURAL BUFFER OR IF A BUFFER IS
INFEASIBLE ON THE SITE PROVIDE REDUNDANT SEDIMENT CONTROLS WHEN A SURFACE
WATER IS LOCATED WITHIN 50 FEET OF THE PROJECTS EARTH DISTURBANCES AND
STORMWATER FLOWS TO THE SURFACE WATER. THE CONTRACTOR IS NOT REQUIRED TO
ENHANCE THE QUALITY OF THE VEGETATION THAT ALREADY EXISTS IN THE BUFFER OR
PROVIDE VEGETATION IF NONE EXISTS.

BMP DESCRIPTION: VEHICLE TRACKING PAD

BMP DESCRIPTION: SILT FENCE INLET PROTECTION

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

2.4 STABILIZE SOILS

GROUND DISTURBING SUBCONTRACTOR(S):
COMPANY/ORGANIZATION NAME:
CONTACT NAME:
ADDRESS:
CITY, STATE, ZIP CODE:
TELEPHONE NUMBER:

IF THE DOWN GRADIENT TREATMENT SYSTEM IS OVERLOADED, THE CONTRACTOR IS
RESPONSIBLE FOR IMPLEMENTING ADDITIONAL UP GRADIENT SEDIMENT CONTROL PRACTICES
OR REDUNDANT BMPS TO ELIMINATE THE OVERLOADING AND MUST AMEND THE SWPPP TO
IDENTIFY THE ADDITIONAL PRACTICES.

INSTALLATION SCHEDULE: INSTALL EROSION CONTROL BLANKETS AS SHOWN ON THE SWPPP
PLAN SHEETS, AND AS NEEDED THROUGHOUT CONSTRUCTION, WITHIN THE TIMEFRAME
ALLOWED FOR STABILIZATION AFTER WORK HAS CEASED IN AN AREA, DEPENDING ON THE
LOCATION (I.E. 24 HOURS, 7 DAYS, 14 DAYS)

Certification

I hereby certify that this plan, specification or
report was prepared by me or under my direct
supervision and that I am a duly licensed
professional ENGINEER under the laws of the state
of Minnesota.

Chad M. Ayers
Registration No. 41301

Date: 05/10/2019

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

If applicable, contact us for a wet signed copy of this
plan which is available upon request at Sambatek's,
Minnetonka, MN office.

BMP DESCRIPTION: BIOLOGS

Summary

INSTALLATION SCHEDULE: INSTALL BIOLOGS AS DIRECTED ON THE SWPPP PLAN SHEETS, AND
AS NEEDED THROUGHOUT CONSTRUCTION, PRIOR TO COMMENCING UP GRADIENT LAND
DISTURBING ACTIVITIES.
MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT BIOLOGS EVERY 7 DAYS OR
WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT. SEDIMENT ACCUMULATIONS SHOULD
BE REMOVED WHEN SEDIMENT BUILD-UP REACHES 1/2 THE HEIGHT OF THE BIOLOG. THIS
MAINTENANCE MUST BE COMPLETED WITHIN 24 HOURS OF DISCOVERY.
RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

Designed: CA

Drawn: ML

Approved: BB

Book / Page:

Phase: PRELIMINARY Initial Issued: 02/19/2019

Revision History
No. Date By
2/19/2019
5/10/2019

Submittal / Revision
CITY SUBMITTAL
CITY RESUBMITTAL

2.8 RETAIN SEDIMENT ON-SITE
ANY OFF-SITE ACCUMULATIONS OF SEDIMENT MUST BE REMOVED IN A MANNER AND AT A
FREQUENCY SUFFICIENT TO MINIMIZE OFF-SITE IMPACT (E.G. FUGITIVE SEDIMENT IN STREETS
COULD BE WASHED INTO STORM SEWERS BY THE NEXT RAIN AND/OR POSE A SAFETY HAZARD
TO USERS OF PUBLIC STREETS.
BMP DESCRIPTION: TEMPORARY SEDIMENTATION BASIN
INSTALLATION SCHEDULE: INSTALL TEMPORARY SEDIMENTATION BASIN PRIOR TO
BEGINNING UPSLOPE LAND DISTURBING ACTIVITIES. IF THIS IS NOT POSSIBLE DUE TO EXISTING
TOPOGRAPHY, LIMIT DISTURBANCE TO ONLY THOSE AREAS NECESSARY TO INSTALL
TEMPORARY SEDIMENTATION BASIN.
MAINTENANCE AND INSPECTION REQUIREMENTS: INSPECT TEMPORARY SEDIMENTATION
BASINS EVERY 7 DAYS OR WITHIN 24 HOURS AFTER A 0.5” 24-HOUR RAIN EVENT.
TEMPORARY AND PERMANENT SEDIMENTATION BASINS MUST BE DRAINED AND THE
SEDIMENT REMOVED WHEN THE VOLUME OF SEDIMENT COLLECTED IN THE BASIN REACHES ½
THE STORAGE VOLUME. THIS MAINTENANCE MUST BE COMPLETED WITHIN 72 HOURS OF
DISCOVERY, OR AS SOON AS FIELD CONDITIONS ALLOW ACCESS. IF CONDITIONS DO NOT
ALLOW MAINTENANCE TO BE PERFORMED WITHIN 72 HOURS, DOCUMENT THE CAUSE OF
DELAY ON THE MAINTENANCE FORM. REFER TO SECTION 3.1 OF THIS SWPPP FOR BASIN
DRAINING GUIDELINES.

Sheet Title

SWPPP
NARRATVE

RESPONSIBLE STAFF (CONTRACTOR TO COMPLETE):

2.9 ESTABLISH VEHICLE TRACKING PADS
VEHICLE TRACKING PADS HAVE BEEN DESIGNED TO PREVENT SEDIMENT TRACK OFF. IF THERE
IS EVIDENCE OF SEDIMENT TRACKING FROM VEHICLES IN PAVED AREAS, THE SEDIMENT MUST
BE REMOVED BY STREET SWEEPING OR OTHER METHOD AS SOON AS FEASIBLY POSSIBLE, BUT

Sheet No. Revision

C5.04

Project No.
May 10, 2019 - 3:15pm - User:mlarson L:\PROJECTS\21556\CAD\Civil\Sheets\21556 - C5 - EROS.dwg

21556


2.1.5  Chemical Discharge and Sediment Control BMPs

- Water from dewatering or basin draining must be discharged or contained in a manner that avoids or minimizes the discharge of pollutants to surface waters or underground water. Optionally, water can be discharged to a precipitation basin or control stormwater discharge points.

- Upon completion of all dewatering or basin draining activities that will withdraw more than 10,000 gallons of water per day or 1 million gallons per year, final stabilization must be achieved and the notice of termination filed with the MPCA. All disturbed areas must be covered to prevent soil erosion.

- All water from dewatering or basin draining must be discharge in a manner that prevents or controls the discharge of pollutants to surface waters or underground water. Optionally, water can be discharged to a precipitation basin or control stormwater discharge points.

- When dewatering or basin draining is complete, final stabilization must be achieved and the notice of termination filed with the MPCA. All disturbed areas must be covered to prevent soil erosion.

- When dewatering or basin draining is complete, final stabilization must be achieved and the notice of termination filed with the MPCA. All disturbed areas must be covered to prevent soil erosion.

- When dewatering or basin draining is complete, final stabilization must be achieved and the notice of termination filed with the MPCA. All disturbed areas must be covered to prevent soil erosion.
IF THE CONTRACTOR ENCOUNTERS ANY DRAIN TILE WITHIN THE SITE, HE OR SHE SHALL NOTIFY THE ENGINEER WITH THE LOCATION, SIZE, HIS OR HER FAILURE TO EXACTLY LOCATE AND PRESERVE ANY AND ALL UTILITIES (UNDERGROUND AND OVERHEAD). ACCORDING TO THE GUIDELINES OF ASCE/CI 38-02, TITLED "STANDARD GUIDELINES FOR THE COLLECTION AND DEPICTION OF EXISTING THE SUBSURFACE UTILITY INFORMATION SHOWN ON THESE PLANS IS A UTILITY QUALITY LEVEL D. THIS QUALITY LEVEL WAS DETERMINED.
May 10, 2019 - 3:15pm - User:mlarson

**Project No.**
\[21556\]

**PLAN INVENTORY**

**BASIC TREE REMOVAL AREA**

**CUSTOMER PARKING**

- **279312 Ash - Green (Fraxinus pennsylvanica)**
- **279110 Ash - Green (Fraxinus pennsylvanica)**
- **27899 Locust - Honey (Gleditsia triacanthos)**
- **27889 Locust - Honey (Gleditsia triacanthos)**
- **278710 Ash - Green (Fraxinus pennsylvanica)**
- **27868 Ash - Green (Fraxinus pennsylvanica)**
- **27859 Ash - Green (Fraxinus pennsylvanica)**
- **27849 Ash - Green (Fraxinus pennsylvanica)**
- **27829 Ash - Green (Fraxinus pennsylvanica)**
- **27818 Ash - Green (Fraxinus pennsylvanica)**

**Revision History**

- **Initial Issued:**
  - **02/19/2019**

**Designed:**

- **William L. Delaney**

**Drawn:**

- **Sambatek, Minnetonka, MN office.**

**SUMMARY**

- **VERIFICATION OF ACTUAL TREE ROOT ZONE.**
  - **CONTRACTOR TO MINIMIZE THE IMPACT TO CRITICAL ROOT ZONES AND/OR FIELD.
  - **This survey which is available upon request at Sambatek, Minnetonka, MN office.**

- **4. NEIGHBORS SHOULD BE INFORMED THAT THERE MAY BE VISUAL CHANGES TO THE TREES THROUGHOUT THE ENTIRE PROCESS. MONITOR SOIL MOISTURE.**

- **5. PROPOSED GRADING WITHIN THE TREE PROTECTION ZONE SHALL BE COORDINATED WITH THIS CERTIFICATION. IF APPLICABLE, CONTACT US FOR A WET SIGNED COPY OF THIS CERTIFICATION.**

- **6. PROPOSED GRADING WITHIN THE TREE PROTECTION ZONE SHALL BE COORDINATED WITH THIS CERTIFICATION. IF APPLICABLE, CONTACT US FOR A WET SIGNED COPY OF THIS CERTIFICATION.**

**LEGEND**

- **R**
  - To be removed within basic tree removal area.
  - To be removed within basic tree removal area.
  - Significantly trees to be removed.

**Mitigation Calculations**

- **Note**
  - The number of significant trees to be removed is 1.
  - The number of significant trees to be removed is 1.

**Tree Protection Measures**

1. A certified arborist should evaluate the trees and recommend pruning prior to any construction.
2. A certified arborist should evaluate the trees and recommend pruning prior to any construction.
3. The proposed building is to be constructed in accordance with the Minnesota State Arboricultural Act and any applicable codes.
4. The proposed building is to be constructed in accordance with the Minnesota State Arboricultural Act and any applicable codes.

**City Code**

- **City of Minnetonka Tree Protection Requirements**

**Date**

- **02/19/2019**

**Located**

- **Minnetonka, MN**

**High Priority Tree to Be Removed:**

- **279312 Ash - Green (Fraxinus pennsylvanica)**
- **279110 Ash - Green (Fraxinus pennsylvanica)**
- **27899 Locust - Honey (Gleditsia triacanthos)**
- **27889 Locust - Honey (Gleditsia triacanthos)**
- **278710 Ash - Green (Fraxinus pennsylvanica)**
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- **27849 Ash - Green (Fraxinus pennsylvanica)**
- **27829 Ash - Green (Fraxinus pennsylvanica)**
- **27818 Ash - Green (Fraxinus pennsylvanica)**

**SIGNIFICANT TREES TO BE REMOVED:**

- **279312 Ash - Green (Fraxinus pennsylvanica)**
- **279110 Ash - Green (Fraxinus pennsylvanica)**
- **27899 Locust - Honey (Gleditsia triacanthos)**
- **27889 Locust - Honey (Gleditsia triacanthos)**
- **278710 Ash - Green (Fraxinus pennsylvanica)**
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- **27829 Ash - Green (Fraxinus pennsylvanica)**
- **27818 Ash - Green (Fraxinus pennsylvanica)**

**None**

**High Priority Trees Must Be Replaced At A Rate Of One Inch For One Inch In Diameter Of A Deciduous Tree That Was Removed.**

**Required Surface Water Ponding.**

**Address:**

- **Minnetonka, MN**

**Client:**

- **R.J. Ryan Construction, Inc.**

**Project:**

- **Walsers Nissan Wayzata**

**Location:**

- **Minnetonka, MN**
PLANT SCHEDULE

Project No. WAYZATA BLVD 21556

Project No. WAYZATA BLVD 21556

L1.02

SEASONS/TIME OF PLANTING AND SEEDING: NOTE: THE CONTRACTOR MAY ELECT TO PLANT IN OFF-SEASONS ENTIRELY AT HIS/HER

NOTIFY THE LANDSCAPE ARCHITECT AT LEAST 24 HOURS IN ADVANCE OF BEGINNING PLANT INSTALLATION.

17. CONTRACTOR SHALL NOTIFY THE LANDSCAPE ARCHITECT AT LEAST 3 DAYS PRIOR TO PLANNED DELIVERY. THE CONTRACTOR SHALL

SPECIFIED. THE GUARANTEE SHALL COVER THE FULL COST OF REPLACEMENT INCLUDING LABOR AND PLANTS.

WATER AND CONFIRM THAT THIS WATER WILL PERCOLATE WITHIN A 24-HOUR PERIOD. IF THE SOIL AT A GIVEN AREA DOES NOT

HEELED IN AND WATERED UNTIL INSTALLATION. PLANTS NOT MAINTAINED IN THIS MANNER WILL BE REJECTED.

ANY PLANT STOCK NOT PLANTED ON DAY OF DELIVERY SHALL BE

NOXIOUS WEEDS, ETC. SOIL MIXTURE SHALL HAVE A PH BETWEEN 6.1 AND 7.5 AND 10-0-10 FERTILIZER AT THE RATE OF 3

SPECIFICATION 3877 TYPE B SELECT TOPSOIL. MIXTURE SHALL BE FREE FROM HARDPACK SUBSOIL, STONES, CHEMICALS,

6. PLANT MATERIALS TO BE INSTALLED PER PLANTING DETAILS.

8. THE LANDSCAPE ARCHITECT RESERVES THE RIGHT TO REJECT ANY PLANTS WHICH ARE DEEMED UNSATISFACTORY BEFORE, DURING,

13. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ALL MULCHES AND PLANTING SOIL QUANTITIES TO COMPLETE THE WORK SHOWN ON

12. CONTRACTOR SHALL REQUEST IN WRITING, A FINAL ACCEPTANCE INSPECTION.

5. LOCATE AND VERIFY ALL UTILITIES, INCLUDING IRRIGATION LINES, WITH THE OWNER FOR PROPRIETARY UTILITIES AND GOPHER

11. ALL PLANTING AREAS MUST BE COMPLETELY MULCHED AS SPECIFIED.

4. ALL TREES SHALL HAVE SYMMETRICAL OR BALANCED BRANCHING ON ALL SIDES OF THE TREE.

10. THE CONTRACTOR SHALL BE RESPONSIBLE FOR ALL MULCHES AND PLANTING SOIL QUANTITIES TO COMPLETE THE WORK SHOWN ON

14. PLANTING SOIL FOR TREES, SHRUBS AND GROUND COVERS: FERTILE FRIABLE LOAM CONTAINING A LIBERAL AMOUNT (4%)

16. ALL DECIDUOUS, PINE, AND LARCH PLANTINGS SHALL RECEIVE RODENT PROTECTION PER MNDOT 2571.31.2

1. TREE WRAPPING MATERIAL SHALL BE WHITE TWO-WALLED PLASTIC SHEETING APPLIED FROM TRUNK FLARE TO THE FIRST BRANCH.

PROTECTION DURING WARRANTY PERIOD.

PLANT SCHEDULE

Project No. WAYZATA BLVD 21556

Project No. WAYZATA BLVD 21556

L1.02

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PLANT SCHEDULE

Project No. WAYZATA BLVD 21556

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L1.02

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PLANT SCHEDULE

Project No. WAYZATA BLVD 21556

Project No. WAYZATA BLVD 21556

L1.02

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1. TREE WRAPPING MATERIAL SHALL BE WHITE TWO-WALLED PLASTIC SHEETING APPLIED FROM TRUNK FLARE TO THE FIRST BRANCH.

PROTECTION DURING WARRANTY PERIOD.
Brief Description
Items concerning the demolition and construction of a new automobile dealership at 15906 Wayzata Blvd.

Recommendation
Recommend the city council approve the proposal.

Existing Property Information

- **Size**: 10.3 acres
- **Use**: Auto Dealership (Walser Nissan-Wayzata)
- **Previous Approvals**:
  - Master Development Plan
  - Site and Building Plan
  - Sign Plan
  - Conditional Use Permits
    - Auto dealership
    - Auto repair and auto body
- **Buildings**: Site is improved with a 34,000 square foot building
- **Access**: Wayzata Blvd.
- **Natural Resources**: Wetlands on the north side of the property
- **Floodplain**: Floodplain located on the north side of the property
- **Topography**: The highest point on the site is on the south side of the property (near Wayzata Blvd.). There is also a significant elevation change (berm) near the rear of the existing parking lot before it continues to fall into the wetland to the north of the parking lot.

Proposal
Jack Grotkin (R.J. Ryan Construction), on behalf of Walser Nissan-Wayzata, is proposing to demolish the existing Nissan car dealership and construct a new car dealership building and associated site improvements.

As proposed, the dealership building would be 44,721 square-feet in total area and 32 feet in height. The developed portion of the 10-acres site would increase with the expansion of the building. However, the total number of parking spaces would be reduced by 74 spaces. The applicant plans to phase construction so that the existing building would remain while the new building is constructed.
The proposal requires:

- **Master Development Plan Amendment.** The applicant’s proposal would remove the existing building to construct a new building. As such, a new master development plan is required. Master development plans may be approved only by ordinance.

- **Site and Building Plan Review.** By city code, site and building plan review is required to construct a new commercial building.

- **Conditional Use Permit Amendment.** The proposed dealership would include 333 surface parking stalls, the majority of which would be used for inventory storage and display. Outdoor storage and display are allowed within PID district only by conditional use permit. The site currently has a CUP for the auto dealership, auto repair, and auto body services, but does not have an approval for outdoor storage and display. The proposed project requires this conditional use permit.

- **Variances.**
  - **Parking Lot Setbacks.** By city code, surface parking lots must be setback at least 20 feet from public right-of-ways and exterior property lines. The current site has a 0-foot setback from the west property line and an 18-foot setback from the east property line. The applicant has proposed 10-foot setbacks to both west and east property lines, which require variances.
  
  - **Parking to Building Area Ratio.** Per the outdoor storage and display CUP standards, the parking-to-building square footage ratio may not exceed one space per 200 square feet. The applicant’s proposal would have 1.5 spaces per 200 square foot ratio, thus requiring a variance.

- **Sign Plan.** The applicant is requesting sign plan approval to allow for signage slightly different than would be allowed by the sign ordinance. The applicant proposes four walls signs that encompass 184 square feet to be displayed on the south elevation of the building. City code limits signage to one sign per elevation, and that sign may not exceed 150 square feet or 10% of the wall face, whichever is less.
Primary Questions and Analysis

A land use proposal is comprised of many details. In evaluating a proposal, staff first reviews these details and then aggregates them into a few primary questions or issues. The following outlines both the primary questions and staff findings associated with the proposal.

1. Is the site design appropriate?

Yes. The proposed site design accommodates the commercial needs of the dealership, while adequately buffering and screening the outdoor activity of the dealership from public view.

- **Building Location.** The proposed building would be located in the middle of the site's buildable area. As the current building is located less than 40 feet from the front property line, the proposed building placement would be more consistent with the adjacent BMW and Lexus setbacks from Wayzata Blvd. In this location, the building would screen a significant portion of the northern parking spaces from the traveling public on Wayzata Blvd. Additionally, the proposed building location would screen a substantial amount of parking from residential properties to the north, which is located over 650 feet from the parking lot.

- **Parking Lot.** While requiring parking variances, the proposed parking lot would be an improvement over the existing parking lot.
  
  o The overall existing, non-conformities of the parking lot (front yard and combined side yard setbacks) would be reduced with the proposed parking plan.
    
    - The existing front yard setback is 0 feet and would be 20 feet in the proposed plan.
    
    - The existing side yard setbacks are 0 feet (west) and 18 feet (east). The proposed plan would create 10-foot setbacks from both the east and west.
  
  o The proposed parking lot would be smaller than the existing lot by 74 spaces.
  
  o The proposed parking lot would have logical driving aisles with more turning options.
  
  o The proposed parking lot would have landscaping islands that would assist in buffering vehicles and the proposed building.

- **Natural Resources.** The proposed building would be located 170 feet from the wetland on the property, and the proposed parking lot would maintain the required wetland buffer and setbacks.

- **Grading.** The applicant has proposed a significant amount of earthwork to raise the proposed site. Specifically, the site would be raised over 10 feet in the middle of the lot.
The earthwork is intended to promote better drainage patterns. Staff finds the proposed grading acceptable.

2. **Would the building design meet the planned I-394 design requirements?**

   Yes. The proposed buildings would meet the required dimensional and architectural standards for the district.

   - **Materials.** As proposed, the façade of the dealership building would be composed of glass, silver and gray metal panels, and gray precast with exposed aggregate. The majority of the front façade would be glass (50%) and metal panels (37%). A small portion of the front façade would be precast cement or garage doors (13%). The majority of the side and rear, which would generally not be viewable from the public, would consist of precast with the aggregate finish.

   - **Height.** The dealership building would have a maximum height of 32-feet. This height is reasonable and allowed by ordinance.

   - **Overall Appearance.** The use of varying setbacks, heights and materials brings interest and a positive aesthetic to the proposed building. If approved, the building would be a positive addition to the existing buildings within the Wayzata Blvd. corridor.

3. **Does the request meet the standards for outdoor display with the Planned I-394 district?**

   In July 2008, the city council amended the PID ordinance to allow for certain outdoor display, sales, and storage. At that time, the subject auto dealership was already on the site and in operation. However, with the new building proposal, the property is subject to meeting the conditional use permit requirements for outdoor display, sales, and storage.

   The proposed dealership would meet all of the conditional use permit standards except for the parking-to-building square footage ratio and the lighting requirement.

   - **Location.** Per the CUP requirements, the site must be located within the I-394 redevelopment overlay district No. 6 or No. 7. The subject site meets this requirement, as it is located within district No. 6.

   - **Parking screening.** Per the CUP requirement, at least half of the parking on the site would be screened from public view by either the proposed building or landscaping.

   - **Distance from residential properties.** The subject parcel directly abuts low-density residential parcels. However, the proposed parking lot itself would be located approximately 650 feet from the nearest residential parcel.

   - **Parking Ratio.** While the proposed parking lot requires a variance to the ratio standard, the proposed ratio would be a reduction from the current parking ratio. The current parking ratio is 2.4 parking spaces per 200 square feet of building space. The proposed parking ratio would be 1.5 spaces per 200 square feet of building space.
• **Lighting.** The lighting plan submitted illustrates that the proposed lights would have greater light “spillover” off the property than the one foot-candle permitted by code. As such, staff has included a condition of approval that requires the applicant to submit a revised lighting plan meeting the ordinance standard.

4. **Are the variance requests reasonable?**

Yes. Both variances would result in a reduction in parking lot non-conformities. In other words, they would improve upon the existing situation.

• **Parking Setback.** The existing parking lot has a non-conforming front and side (both east and west) parking lot setbacks (20-foot setback requirement). The proposed site plan would bring the parking lot into conformance with the front setback requirement. The plan would also bring the west side closer to compliance (from 0-foot to 10-foot setback) but would push the east side further into non-compliance (from 18-foot to 10-foot). Overall, the combined side yard setbacks (20 feet) would be greater than the existing combination (18 feet). Additionally, if approved, the subject site would not alter the essential character of the neighborhood as other auto dealership lots in the area also have non-conforming parking lot setbacks.

• **Parking spaces to building area ratio.** As stated previously, the proposed parking lot plan would reduce the non-conformity of the existing parking-to-building ratio. Also, the proposed plan would have 74 less parking spaces than the existing site and would be an improvement from the current site’s parking lot layout.

5. **Is the sign plan reasonable and consistent with signage within the area?**

The request to have four wall signs on a single elevation is reasonable. However, staff does not support the request to have 184 square feet of signage.

**Number of Signs.** The proposed number of signs is reasonable as:

• The site currently has a non-conforming number of signs on the front elevation of the building. The site has three signs on one elevation and a fourth sign that faces Wayzata Blvd. Approving the proposed sign plan would not increase in total signs. Instead, it would “rearrange” the signs.

• If approved, the subject sign plan would not alter the essential character of the neighborhood, as the existing area has several dealership buildings with multiple signs on a single elevation.

**Size of Signs.** Staff does not support the request to have 184 square feet of signage as:

• The proposed signage would not be consistent with the sign ordinance. The sign ordinance limits signage to 150 square feet and the subject request would exceed this amount by 22 percent (or 34 square feet).

• The proposed signage would greatly exceed the existing signage on the south elevation of the building. The existing southern elevation has three signs: “Walser,” “Nissan,” and “Service.” Staff has searched our records and cannot find information regarding the size
of these signs. However, it is clear that the proposed signage would greatly exceed these signs.

It is important to note that the existing “Autoworks Collision” sign is not on the same elevation as the three previously mentioned signs and is thus not included when considering the total square footage of signage on that elevation.

After review, staff is recommending support of a sign plan that permits up to four signs on a single elevation. However, staff has added a condition of approval that limits the total amount of signage on the south facing wall to 150 square feet or 10 percent of the wall face, whichever is less.

Summary Comments

The proposed dealership would result in a considerable change to the aesthetic of the property. From staff’s perspective, this change is both reasonable and appropriate. It would represent a significant investment into the property and Wayzata Blvd corridor.

Staff Recommendation

Staff recommends that the planning commission recommend the city council adopt the following related to the Walser Nissan Development at 15906 Wayzata Blvd.:

1) Ordinance approving a master development plan and final site and building plans, with a parking setback variance; and

2) Resolution approving a conditional use permit, with a building-to-parking variance, and a sign plan.

Originator: Drew Ingvalson, Planner
Through: Loren Gordon, AICP, City Planner
Supporting Information

Surrounding Land Uses

North: Residential homes, zoned R-1
South: Hwy I-394
East: BMW car dealership, zoned PID
West: Lexus car dealership, City of Wayzata

Planning

Guide Plan designation: Commercial
Existing Zoning: PID, Planned I-394 District

Background

The subject auto dealership has a long history within the City of Minnetonka. During its time, the site has gone through several changes but has remained as an auto dealer since 1977. Specifically:

- **1977**: Conditional use permit approved for an auto dealership within the B-4 District.
- **1978**: Site and building plan approved for building.
  - Variance to reduce front yard setback.
  - Variance to increase the number of pylons signs to two.
- **1983**: The city council approved a sign plan for the subject site, affirming the pylon variance which permits 128 square feet of pylon signage.
- **1988**: Site and building plan approved for parking lot expansion.
- **1996**: Guide plan amendment, with site and building plan and conditional use permit amendment approved to add to the existing structure.
- **1999**: Master development plan amendment, site and building plan approved for an addition.
  - CUP approved for auto repair and body shop.

Proposed Building

- **Building Size.** The proposed building would be 44,721 square feet in area and 32 feet in height. Of the entire building:
  - 16,537 square feet would be used for sales;
  - 16,500 square feet would be used for the service area;
  - 8,950 square feet would be used as a body shop; and
  - 2,734 square feet would be used for a carwash.
- **Location.** The existing building is located 35 feet from the front property line. The proposed building would be located 208 feet from the front property line. The building would meet all other setback requirements as outlined later in the "Supporting Information" section of this report.
- **Architecture.** The building façade would be composed of glass, silver and gray metal panels, and gray precast with exterior aggregate finish. The majority of the front façade,
the only easily viewable area from Wayzata Blvd., would consist of metal panels and glass. The side and rear facades would be primarily precast aggregate with accents of metal and glass.

<table>
<thead>
<tr>
<th></th>
<th>Metal Panels*</th>
<th>Glass*</th>
<th>Precast with Aggregate*</th>
<th>Garage Doors*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>sq. ft</td>
<td>%</td>
<td>sq. ft</td>
<td>sq. ft</td>
</tr>
<tr>
<td>SOUTH FAÇADE</td>
<td>2,290</td>
<td>37%</td>
<td>3,075</td>
<td>50%</td>
</tr>
<tr>
<td>EAST FAÇADE</td>
<td>1,355</td>
<td>21%</td>
<td>1,380</td>
<td>21%</td>
</tr>
<tr>
<td>NORTH FAÇADE</td>
<td>400</td>
<td>6%</td>
<td>600</td>
<td>9%</td>
</tr>
<tr>
<td>WEST FAÇADE</td>
<td>585</td>
<td>9%</td>
<td>1,430</td>
<td>22%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>4,630</td>
<td>18%</td>
<td>6,485</td>
<td>25%</td>
</tr>
</tbody>
</table>

*approximate

The proposed building has a simple box-like design. However, various heights and setbacks that add interest to the building and reduce the visual scale or mass of the structure. In addition, material selection on building elements further assists to bring down the perceived mass.

- **Signage.** The applicant has proposed to have four signs on a single elevation that would total 184 square feet. There are four signs on the existing building. Three on the front elevation and one on the second level facing Wayzata Blvd.

  City code limits commercial wall signage of buildings of this size to:
  
  - One sign per elevation;
  - Signage area may not exceed 150 square feet or 10 percent of the wall face, whichever is less, and
  - Total wall signage may not exceed 250 square feet.

  As the proposed signage exceeds the maximum permitted signage for the building, the applicant has requested that a sign plan be approved for the subject site.

- **Mechanical Screening.** The applicant has proposed parapet walls to screen mechanical equipment. A condition of approval has been added requiring that all mechanical equipment is screened from public view.

**Parking**

The current site has 407 parking spaces. The applicant has proposed 333 parking spaces, or 74 spaces less than the existing site. About half of the parking spaces would be located in front of the proposed building. The rest of the parking spaces would be located to the side or rear of the proposed building.

<table>
<thead>
<tr>
<th></th>
<th>Number of Stalls</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>24</td>
</tr>
<tr>
<td>Employee</td>
<td>29</td>
</tr>
<tr>
<td>Service</td>
<td>26</td>
</tr>
<tr>
<td>Inventory</td>
<td>254</td>
</tr>
<tr>
<td>TOTAL</td>
<td>333</td>
</tr>
</tbody>
</table>
The subject parking lot currently has non-conforming front and side yard setbacks. The proposed site plan would bring the front yard setback into compliance and reduce the side yard setback non-conformity (from 0 feet to 10 feet) to the west, but increase the non-conformity to the west (from 18 feet to 10 feet).

The subject parking lot also has a non-conforming parking-to-building square footage ratio. Per the proposal, the subject parking lot would still be non-conforming. However, the non-conformity would be reduced.

<table>
<thead>
<tr>
<th></th>
<th>Existing Setback</th>
<th>Proposed Setback</th>
<th>Required Setback</th>
</tr>
</thead>
<tbody>
<tr>
<td>Front (South)</td>
<td>0 ft.</td>
<td>20 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side (East)</td>
<td>18 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
<tr>
<td>Side (West)</td>
<td>0 ft.</td>
<td>10 ft.</td>
<td>20 ft.</td>
</tr>
</tbody>
</table>

Proposed Construction Phasing

The applicant has proposed to phase construction to keep the dealership business open during construction of the new building. (See attached).

- In the first phase, the rear portion of the proposed building would be constructed while the existing building would remain.
- In the second phase, the rear portion of the existing building would be demolished to construct the second part of the new building.
- In the final phase, the remaining portion of the existing building would be demolished.

Staff generally finds this to be a reasonable request. However, a condition of approval has been added to the resolution requiring escrow money to cover the costs to demolish the existing building if needed.

Grading

Considerable earthwork is proposed to accommodate the new building and parking areas, with the majority of the site being raised.

- **Front parking lot.** The southern area of the property would have minimal earthwork completed. The grade would be slightly reduced near the entrance of the property and raised 2-5 feet near the proposed building.
• **Proposed building.** The applicant has proposed raising the building footprint area to a 966 elevation. This would require raising the grade approximately five feet on the south side of the building and nearly 12 feet in the north side of the building.

• **Rear parking lot.** The final grade of the rear parking lot would be similar to the height of the existing berm in the rear of the property.

• **Filtration Basin.** Currently, there is a small pond just north of the parking lot that the applicant has proposed to modify to create a filtration basin. See to the below in blue.

• **Retaining Walls.** The applicant has proposed three retaining walls on the subject site. See to the right in red.
  
  o **East.** The plans show a retaining wall along the east property line that varies in height from 3 feet (south side) to 7.3 feet (north side tall).

  o **West.** The plans also show a retaining wall that varies in height from 2.3 feet (south side) to 5.2 feet (north side). This retaining wall connects with another retaining wall along the north side of the property.

  o **North.** The plans propose a retaining wall along the north side of the property. This retaining wall connects with the western retaining wall and varies from 2.2 feet to 14 feet in height. A portion of this wall would extend at least 4 feet above the top of grade to screen vehicles from residential properties to the north of the site.

**Landscaping**

The applicant proposes landscaping plantings along the south, west, and east properties. In addition, they have proposed plantings within landscaping islands and adjacent to the proposed building. (See attached).

The applicant proposes evergreen plantings along the north side of the parking lot to buffer the proposed retaining wall.
Drainage and Utilities

Based on proposed grades, runoff from the site would be captured throughout the parking areas and directed via storm sewer to the newly created infiltration basin. The basins would be located north of the proposed parking lot. City engineering staff have reviewed the grading and drainage plans and finds them to be generally acceptable.

Tree Impact

The property contains 69 regulated trees. The majority of these trees would be removed if this project were to be approved. However, as the proposal is for the redevelopment of the property, the level of tree removal/impact would be permitted under the tree protection ordinance.

<table>
<thead>
<tr>
<th>Category</th>
<th>Existing</th>
<th>Removed</th>
<th>% Removed</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Priority</td>
<td>4</td>
<td>4</td>
<td>100%</td>
</tr>
<tr>
<td>Significant</td>
<td>65</td>
<td>49</td>
<td>75%</td>
</tr>
</tbody>
</table>

* By city code, a tree is considered removed if 30 percent or more of the critical root zone is compacted, cut, filled or paved.

Setbacks, Etc.

The following are building setbacks and other design standards.

<table>
<thead>
<tr>
<th>Category</th>
<th>City Code</th>
<th>Proposed*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Setbacks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South property line</td>
<td>50 ft.</td>
<td>210 ft.</td>
</tr>
<tr>
<td>West property line</td>
<td>50 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>East property line</td>
<td>50 ft.</td>
<td>60 ft.</td>
</tr>
<tr>
<td>North property line</td>
<td>50 ft.</td>
<td>&gt;750 ft.</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impervious Surface</td>
<td>70%</td>
<td>40% 72%</td>
</tr>
<tr>
<td>Floor Area Ratio</td>
<td>0.6 0.3</td>
<td>0.4 0.18</td>
</tr>
</tbody>
</table>

*Rounded down to nearest 5 ft.
**Wetland areas are excluded
***A condition of approval has been added requiring the applicant to reduce impervious surface to 70%
Pyramid of Discretion

Motion Options

The planning commission has three options:

1. Concur with the staff recommendation. In this case, a motion should be made recommending the city council adopt the ordinance and resolution approving the request.

2. Disagree with staff’s recommendation. In this case, a motion should be made recommending the city council deny the request. This motion must include a statement as to why denial is recommended.

3. Table the requests. In this case, a motion should be made to table the item. The motion should include a statement as to why the request is being tabled with direction to staff, the applicant, or both.

Voting Requirement

The planning commission will make a recommendation to the city council. The city council’s final approval requires an affirmative vote of five members.

Neighborhood Comments

The city sent notices to 42 property owners and has received no written comments to date.

Deadline for Action

June 3, 2019
Preliminary Site Development Plans

for

Walser Nissan Wayzata

Minnetonka, Minnesota

Presented by:

R.J. Ryan Construction, Inc.
1. Subject property's address is 15906 Wayzata Boulevard. The property identification number is 04-117-22-23-0013.

2. The gross area of the subject property is 10.30 Acres or 448,605 Square Feet.

3. The subject property is zoned PID I-394 District, per Minnetonka zoning map on City of Minnetonka web site.

4. The building(s) and exterior dimensions of the outside wall at ground level are shown on the survey. It may not be the foundation wall.

BENCHMARKS

1. The horizontal datum is based on NAVD88. The originating bench marks are MNDOT BM 2789 AA and MNDOT BM 2789 BA, both referenced from the MnDOT Geodetic Database.

SURVEY NOTES

1. The leveling system for this survey is based on the Hennepin County coordinate system, NAD83 (1986). The west line of the northwest quadrant, Section 04, Township 117N, Range 22W is assumed to bear N01° 15' 42"E. The originating monuments utilized to establish the horizontal position of this survey was the northwest section corner and the west quarter corner of said section.

2. Initial field work completed on 11/14/2018.

3. Additional field work completed on 12/31/2018.
Walser Nissan Wayzata
15906 Wayzata Blvd, Minnetonka, Minnesota
**SCALE IN FEET**

**PROJECT NO.** 060 30 WAYZATA BLVD

**IMPROVEMENTS SHOWN ON THE PLANS.**

It shall be the responsibility of the contractor to relocate all existing utilities which conflict with the proposed improvements shown on the plans. He or her failure to exactly locate and preserve any and all utilities (underground and overhead) is his or her responsibility. The contractor and/or subcontractors agree to be fully responsible for any and all damages which might be occasioned by the action of the contractor, subcontractors, their employees, or their agents or representatives.

Contractor and/or subcontractors shall determine the exact location of all existing utilities according to the guidelines of ASCE/CI 38-02, titled "Standard Guidelines for the Collection and Depiction of Existing Subsurface Utility Data.” The contractor and/or subcontractors shall be responsible for any damages to existing utilities caused by the action of the contractor, subcontractors, their employees, or their agents or representatives.

**DEVELOPMENT SUMMARY**

**DEVELOPMENT NOTES**

1. An approved site plan is required by the Planning Commission.
2. An approved site plan is required by the Health Department and the City Planner.
3. All proposed utility relocation work is subject to review and approval by the City Planner.
4. All proposals must be reviewed by the City Engineer.
5. All proposals must be reviewed by the City Planner.
6. All proposals must be reviewed by the City Planner.
7. All proposals must be reviewed by the City Planner.
8. All proposals must be reviewed by the City Planner.
9. All proposals must be reviewed by the City Planner.
10. The contractor is responsible for the protection of existing utilities.

**DEVELOPMENT SUMMARY**

**DEVELOPMENT NOTES**

1. A wet signed copy of this plan must be provided to Sambatek.
2. If applicable, contact us for a wet signed copy of this plan.
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2. If applicable, contact us for a wet signed copy of this plan.
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IMPROVEMENTS SHOWN ON THE PLANS.

WAYZATA BLVD

IT SHALL BE THE RESPONSIBILITY OF THE CONTRACTOR TO RELOCATE ALL EXISTING UTILITIES WHICH CONFLICT WITH THE PROPOSED NORTH 21556

C6.01

Utilities Before Commencing Work, by Contacting the Notification Center (GOPHER State One for Minnesota). The Subsurface Utility Data. The Contractor and/or Subcontractors shall determine the exact location of all existing according to the guidelines of asce/ci 38-02, titled "Standard Guidelines for the Collection and Depiction of Existing Subsurface Utility Information Shown on These Plans is a Utility Quality Level D. This Quality Level Was Determined

IE=957 (Field Verify Invert and Location)

CONNECT TO EXISTING SANITARY STUB

GATE VALVE & EXTEND AS SHOWN

CONNECT TO EXISTING 8" WATERMAIN STUB WITH 8"

RE=965.54

PVC @ 1.00%

71 LF - 8"

IE=959.15

RE=963.71

CBMH 105A

STM @ 1.00%

62 LF - 12"

IE=958.28

RE=963.75

CBMH 105

STM @ 0.60%

45 LF - 12"

IE=958.82

8" x 6" TEE

RE=964.07

CUSTOMER

RE=964.00

CUSTOMER

PARKING

PARKING

PARKING

PARKING

PARKING

PARKING

PARKING

CUSTOMER

6" GATE VALVE

HYDRANT

PRELIMINARY 02/19/2019

Designed: Drawn:

PRELIMINARY

CONTRACTOR SHALL OBTAIN A COPY OF THIS SOILS REPORT.

All soils testing shall be completed by an independent soils Engineer. Excavation for the appropriate Minnesota Department of Transportation Standards.

Movement of traffic where necessary. Traffic control devices shall conform to such as barricades, warning signs, directional signs, flagmen and lights to control the such as barricades, warning signs, directional signs, flagmen and lights to control the such as barricades, warning signs, directional signs, flagmen and lights to control the

PVC @ 1.00%

8" x 6" TEE

6" GATE VALVE

HYDRANT

CUSTOMER

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CUSTOMER
16. ALL PLANTS SHALL BE GUARANTEED FOR TWO COMPLETE GROWING SEASONS (APRIL 1 - NOVEMBER 1), UNLESS OTHERWISE
HEELED IN AND WATERED UNTIL INSTALLATION. PLANTS NOT MAINTAINED IN THIS MANNER WILL BE REJECTED.

16. ALL DECIDUOUS, PINE, AND LARCH PLANTINGS SHALL RECEIVE RODENT PROTECTION PER MNDOT 2571.31.2

1. TREE WRAPPING MATERIAL SHALL BE WHITE TWO-WALLED PLASTIC SHEETING APPLIED FROM TRUNK FLARE TO THE FIRST BRANCH.

12. MULCH: SHREDDED HARDWOOD MULCH, CLEAN AND FREE OF NOXIOUS WEEDS OR OTHER DELETERIOUS MATERIAL, IN ALL MASS
PROVIDED BY MECHANICAL.

4. ALL TREE PLANTING MATERIALS TO BE INSTALLED PER PLANTING DETAILS.

4. ALL DISTURBED AREAS SOUTH OF BASIN TO BE TURF SOD.

6. PLANT MATERIALS TO BE INSTALLED PER PLANTING DETAILS.

3. ALL PLANTING STOCK SHALL CONFORM TO THE "AMERICAN STANDARD FOR NURSERY STOCK," ANSI-Z60, LATEST EDITION, OF THE
CUSTOMER.

1. NO PLANTS SHALL BE INSTALLED UNTIL FINAL GRADING AND CONSTRUCTION HAS BEEN COMPLETED IN THE IMMEDIATE AREA.

2. WHERE SOD ABUTS PAVED SURFACES, FINISHED GRADE OF SOD/SEED SHALL BE HELD 1" BELOW SURFACE ELEVATION OF TRAIL, SLAB,
CURB, ETC.

2.2. 2" CALIPER/12-14' HT: 4-5' WIDTH MIN.
2.3. 3" CALIPER/14-16' HT: 6-7' WIDTH MIN.

1. ALL STREET AND PARKING LOT TREES SHALL BE LIMBED UP TO THE FOLLOWING HEIGHTS:

8. THE LANDSCAPE ARCHITECT RESERVES THE RIGHT TO REJECT ANY PLANTS WHICH ARE DEEMED UNSATISFACTORY BEFORE, DURING,
OR AFTER INSTALLATION.

3. ALL PLANTS SHALL BE GUARANTEED FOR TWO COMPLETE GROWING SEASONS (APRIL 1 - NOVEMBER 1), UNLESS OTHERWISE
HEELED IN AND WATERED UNTIL INSTALLATION. PLANTS NOT MAINTAINED IN THIS MANNER WILL BE REJECTED.

8. THE LANDSCAPE ARCHITECT RESERVES THE RIGHT TO REJECT ANY PLANTS WHICH ARE DEEMED UNSATISFACTORY BEFORE, DURING,
OR AFTER INSTALLATION.

4. THE CONTRACTOR SHALL PROTECT EXISTING ROADS, CURBS/GUTTERS, TRAILS, TREES, LAWNS AND SITE ELEMENTS DURING
CONTRACTORS WORKING ON SITE.

9. THE SPECIFICATIONS TAKE PRECEDENCE OVER THE PLANTING NOTES AND GENERAL NOTES.

CONTRACTORS WORKING ON SITE.

THE LANDSCAPE CONTRACTOR SHALL COORDINATE THE PHASES OF CONSTRUCTION AND PLANTING INSTALLATION WITH OTHER
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Walser Nissan Wayzata
Project Narrative

Location: 15906 Wayzata Boulevard
Minnetonka, MN 55391

Applicant: R.J. Ryan Construction, Inc. c/o Jack Grotkin

Proposal: Attached to this letter please find the applications of Wayzata Nissan Property LLC for Master Development Plan and Variance for the property located at 15906 Wayzata Boulevard in Minnetonka, MN. Through the attached applications, Wayzata Nissan is requesting approval for construction of a new dealership facility on the property while a portion of the existing building remains in operation. Upon completion of the new building, the existing building will be demolished and replaced with parking area. The Variance request is for a reduction to the Parking Setback from 20 feet to 10 feet. The Variance request would not alter the essential character of the neighborhood due to the existing average setbacks are 10 feet, with existing auto dealerships on both sides of this property.

The property is zoned PID (Planned I-394 District), in which exterior display, sales or storage of motor vehicles is a conditionally permitted use within districts No. 6 and No. 7. It appears the site is located in overlay district No. 1. However, the use of the site will not be changed and it appears that the new and existing building sizes are comparable; therefore it is assumed the proposed use will continue to be permitted.

Extensive landscaping restoration is proposed which will improve site aesthetics considerably. The exterior of the building will consist of ACM panels, glass and decorative precast; this redevelopment would be a significant improvement to the neighboring area.

Company: The philosophy of Walser Nissan Wayzata is to have a nice consumer experience.

Operations: No change to existing operations.

Employment: Walser Nissan Wayzata’s existing facility provides for 60 employees currently in the community.

Landscaping & Screening: Landscape screening between the proposed parking lot and adjacent businesses will meet the City’s mandated minimum requirements. A variety of coniferous, deciduous, and ornamental trees will be provided throughout the site. Trees will be a hardy mix of native of non-native species and will be provided within interior parking islands to minimize the heat island effect. On the north end of the auto storage area we propose a mix of buffer plantings. Native plants
are predominantly used in the 40’ wetland buffer. Shrubs and/or trees will wrap the west and east sides of the parking lot and create an aesthetically pleasing presentation. The service area is screened from the east by large shrub massings. At the front of the building more densely planted areas highlight the entry points.

**Signage:** The existing monument sign in the southeast corner will be replaced with a new monument sign. The new facility will have building signage similar to what they currently have on the site and building. Small navigational signage for guiding vehicle traffic is also proposed.

**Lighting:** Lighting will be in conformance with City Code. All lighting will be shielded as necessary to avoid any overlap to adjacent properties and programmable to reduce lighting during non-business hours.

**Adjacent Land Use:** Similar automotive uses are adjacent to this proposed site to the east and west.

**Parking:** 333 parking spaces are proposed for the Walser Nissan Wayzata redevelopment.

**Traffic Impacts:** None

**Hazards:** We do not feel there will be any negative impacts on neighboring properties due to noise, dust, odors, hazards, or lighting. No hazardous materials will be stored onsite that exceed NFPA requirements.

We respectfully request City support for the enclosed applications by Wayzata Nissan Property LLC for Master Development Plan and Variance for the 15906 Wayzata Boulevard parcel depicted on the enclosed Architectural and Civil/Landscape Plans. We look forward to reviewing this application with the City of Minnetonka in the weeks ahead.

Sincerely,

Jack Grotkin
R.J. Ryan Construction, Inc.

Chad Ayers, PE
Sambatek, Inc.
1. Exterior Precast Color to match Sherwin Williams Color 7076 – “Cyberspace.” Will have an exposed aggregate finish.

2. Exterior Metal Panels

- SUNRISE SILVER METALLIC (PVDF.3, 62” x 196”)
- NISSAN GRAY (PVDF.2, 62” x 196”)
Window Metal & Glass

Window Metal

Glass
Existing Berm between Parking Lot and Wetland (rear of building)
ITEM 8A – Walser Nissan at 15906 Wayzata Blvd

- **Report.** The table on page 11 has been modified as follows:

<table>
<thead>
<tr>
<th></th>
<th>City Code</th>
<th>Proposed*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Setbacks</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South property line</td>
<td>50 ft.</td>
<td>210 ft.</td>
</tr>
<tr>
<td>West property line</td>
<td>50 ft.</td>
<td>50 ft.</td>
</tr>
<tr>
<td>East property line</td>
<td>50 ft.</td>
<td>60 ft.</td>
</tr>
<tr>
<td>North property line</td>
<td>50 ft.</td>
<td>&gt;750 ft.</td>
</tr>
<tr>
<td><strong>Miscellaneous</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impervious Surface</td>
<td>70%</td>
<td>40% 72%<strong>/</strong>*</td>
</tr>
<tr>
<td>Floor Area Ratio</td>
<td>0.6 0.3</td>
<td>0.4 0.18</td>
</tr>
</tbody>
</table>

*Rounded down to nearest 5 ft.
**Wetland areas are excluded
***A condition of approval has been added requiring the applicant to reduce impervious surface to 70%

**Impervious Surface.** The original report stated that the proposed impervious surface on site would be 40%. This percentage was calculated by taking the total impervious surface and dividing it by the entire site area. City code does not explicitly state that wetland areas should be excluded (see below); however, staff has routinely excluded wetland areas in past practice. As such, staff has added a condition of approval that requires the applicant to reduce the impervious surface to 70%. This calculation shall exclude wetland areas from the total lot area.
Section 300.02 Definitions

60. Impervious surface- a material providing a hardsurface that prevents normal filtration of water into the ground.

- **Resolution.** The following condition has been added to the subject resolution.

  Section 4.01
  (2) Prior to issuance of a building permit:
  (C) Submit the following:
  14) Submit a proposed survey that limits impervious surface to 70 percent. This calculation shall exclude wetland areas from the total lot area.

- **Neighborhood Comments.** After completion of the staff report, staff received written comments from two residents. Please see attached.
Neighborhood Comments
Received After Completion of the Planning Commission Staff Report
April 25, 2019.

**Background:**

My name is Bradley Schaeppi. I live at 315 Townes Lane with my wife Elizabeth Schaeppi and our son Asa Schaeppi. We purchased our house in April 2018.

Our house along with many houses on Townes Lane and Townes Road were built in the 1960s before the Nissan Dealership was developed in the 1970s. Our house has a rear wall of windows that faces south towards Highway 12 with the wetlands in the foreground and the car dealerships in the background, currently almost entirely screened with mature trees. This includes the 3 story BMW dealership that has a row of mature trees on the north side of the development that were not touched by the recent development and when leaves grow in, continue to block most of the building to this day. We purchased our home in large part to the view of the wetlands and in the summer time, an almost complete natural view out our rear south facing windows, deck, and lawn with patio--water, trees, leaves, berm blocking rear auto dealerships, and other non-improved land.

**The Planning Commission must decide to:**

1) Present and approve a motion to deny or table the request with the following findings for a decision to deny or table:
   a) The applicant failed to show practical difficulties in complying with the ordinance
      i) **Not reasonable and arbitrary.** The removal of the 10’ earth berm topped by 35’ mature trees to facilitate new outdoor parking in its place capped by a new 12’ retaining wall to the edge of proposed parking lot expansion that by design requires new mature tree plantings to be planted up to 10’ below the retaining wall of the new parking lot is not a reasonable proposal and a variance approval is arbitrary.
         (1) Nothing in the report discusses or analyzes how or why the applicant could not otherwise reasonably redevelop and use the site without the removal of the earth berm topped by 35’ mature trees.
            (a) For instance, the new proposal includes many small pocket green areas spaced throughout the site that could otherwise be parking stalls.

   ii) **Fails the uniqueness test.** The site sits on a slope, but the site features do not require the applicant to remove the 10’ earth berm topped by 35’ mature trees. The existing building is 35’ from the front or south property line, but the applicant proposes to site the new building 208’ from the front or south property line--thereby pushing the building and additional grading needs to the rear or north side of the lot into the 10’ earth berm topped by 35’ mature trees. The applicant’s decision to move the building deep into
the site is its business preference to have more cars in the front than the back and ample room exists for the building to be sited further to the south or towards the frontage road.

iii) **Alters the essential character of the locality.** The removal of the 10’ earth berm topped by 35’ mature trees to facilitate new outdoor parking in its place capped by a new 12’ retaining wall to the edge of the expanded parking lot that does not permit new mature tree plantings at grade of the new parking lot alters the essential character of the locality.

1. Nothing in the report discusses or analyzes why a 10’ earth berm topped by 35’ mature trees exists today on the north of the property and why that same screening earth berm feature also extends across and over adjacent properties including the Lexus Dealership and the Chevrolet Dealership which have the same outdoor auto businesses, were redeveloped in the past, and which for reasons unknown in the staff report, have an earth berm that exists and currently screen residential properties to the north.

2. Nothing in the report discusses or analyzes the screening features of adjacent sites and how this site meets or exceeds those features so as to not alter the character of the locality. For instance, despite a 3 story BMW dealership redevelopment, a stand of mature trees existed before and remained after the redevelopment--keeping with the pattern of a continuous, mature tree line that runs east to west along the north side of the auto businesses.

b) The Minnetonka Planning Commission and City Council cannot determine that the variance is in harmony with the general purposes and intent of the official control and the variance is inconsistent with the comprehensive plan.

i) The Comprehensive Plan is consistently refers to buffers and the value of buffers.

1. Overall Policies: Page III-3-8 of the 2030 Comprehensive Plan:
   a) The use of policies included in this chapter and subsequent chapters are **critical** in the city decision-making process (emphasis added). Please see Policy Use and Definitions A. Policy Use for further guidance.

   b) **Buffers:** the use of land, topography, open space or landscaping to visibly separate, screen, or “filter” the views of a property from another adjacent or nearby use. In some instances, buffers are used to separate major transportation facilities from adjacent properties such as the sound/visual barriers along portions of I-494.

2. III-8, However it is recognized that to remain competitive in the region and meet future community needs, additional land use
related initiatives are required or need further development to accomplish the following:

(a) **Continue to establish buffers between conflicting land uses to protect property values.** (emphasis added).

(3) Land Use Policy: Page III 8-9

(a) Policy No. 3: **Anticipate and balance the impacts of new land uses and development on surrounding neighborhoods,** the local and regional transportation and city services (emphasis added).

(b) Policy No. 8: **Encourage the use of buffers between different land uses to: lessen negative off-site impacts,** and preserve and enhance the natural features including wetlands, floodplains, slopes and high quality natural communities. (emphasis added)

(c) **The staff report lacks the foundation and analysis that the application as amended by staff meets or exceeds the design standards of Section 300.31 Planned I-394 District.**

i) **Given the application requires a master development plan, and site is identified on the 2030 Land Use Plan, figure IV-13, I-394 Corridor, the application is subject to Section 300.31 Design Standards, Landscaping.**

ii) **Language in this section is not discretionary and is written as mandatory.**

   (1) “The following requirements shall be met”

   (2) “Shall undertake all efforts”

   (3) “Surface parking lots shall be buffered with surrounding berms and coniferous tree plantings.”

**Design Standards.**

b) **Landscaping:** in addition to the landscape plan requirements contained in section 300.27, subd. 14, the following requirements **shall be met:** (emphasis added)

1) **Master development plans shall undertake all efforts to preserve existing natural features including wetlands/floodplain, trees and areas of steep slope conditions.** (emphasis added)

2) **All development other than single family residential development shall be buffered from nearby single family neighborhoods. Buffering may be accomplished through the preservation of existing slopes and trees. In cases where natural buffers are absent, earthen berms with new landscape materials shall be installed.** (emphasis added)

3) **Landscape berms and buffers intended to screen development projects from single family residential areas shall be installed with the commencement of construction activity if determined appropriate by the city.**

4) **A minimum landscape plan investment of 2 percent of total project value is required.**

5) **All new landscape trees and shrubs must meet the American Standard for Nursery Stock and American National Standard relating to planting guidelines, quality of stock and appropriate sizing of the root ball. Landscape trees must be balled and burlapped or moved from the growing site by tree spade. Deciduous trees will be not less than two inches but not more than**
four inches caliper for balled and burlapped trees, and not less than four inches but not more
than eight inches caliper for spade-moved trees. Coniferous trees will not be less than six feet
[minimum is proposed at 6'1] in height but no more than eight feet for balled and burlapped trees,
and not less than eight feet in height but not more than fourteen feet for spade-moved
coniferous trees.

The city may allow larger balled and burlapped or spade moved trees if these trees are
accompanied with a three year guarantee.

6) Surface parking lots shall be buffered with surrounding berms and coniferous tree
plantings. (emphasis added).

In sum, the I-394 District Design Standards require the existing berm with coniferous
trees to remain, or that a new berm replaces the existing. Neither staff, nor the Planning
Commission has the discretion to vary very descriptive requirement and the application
removes the existing berm replacing it with a retaining wall. The application fails the
City’s own strict standard. Beyond the clear requirement for the berm, “all efforts” were
not undertaken by the applicant or staff modification when the proposal removes a
required berm with mature trees and replaces it with minimally required trees. Staff
confirmed via email prior to these comments that existing trees on the berm reach an
elevation of 990’ to 995’. The top of the proposed retaining wall without a berm will reach
965.’ There is no interpretation of the required design standards where the application
as-is complies to support an approval of the master development plan.

An alternative summary to the staff report could read the following:

“An auto dealership redevelopment proposal seeks to expand and relocate the primary structure
from 34,000 SF sited 35’ from the north frontage road to a new 44,721 SF building sited 208’
from the south frontage road. The building itself is reasonable in size and height compared to
adjacent properties. The proposal modifies, rebuilds, expands, and raises the existing outdoor
parking lot with 10-12’ of fill, consequently raising the elevation of the rear parking lot and
eliminating the buffering effect of an existing 10’ earth berm capped with 30-35’ mature trees to
residential neighbors to the north. This berm spans a continuous line from the west end of the
BMW dealership across the Nissan dealership, and through the Lexus and Chevrolet
dealerships.

New surface parking will cover the location of the existing earth berm. The parking edge will be
capped on the north end with a retaining wall up to 14’ in height. No retaining wall exists today
on this or adjacent properties. Due to the proximity of the retaining wall at the edge of the new
parking lot, most replacement, minimum standard trees, will be located at the base of the
retaining wall, and in some instances, 10’ below the top of the wall. The proposal will do what
no other redevelopment proposal on this stretch of the highway 12 corridor has done on this
frontage road--remove all the existing mature trees and add a retaining wall. For purposes of
context, the redeveloped BMW dealership kept a line of mature trees behind the development
that continue to buffer the visual and negative impact of cars, the building, and auto traffic.
Notably, this project requires a parking to building area ratio variance. The proposal will exceed the 1 parking space per 200 square foot ratio by 50% with 1.5 spaces per 200 square foot ratio. This variance request must meet the city’s statutory authority and standards for granting the parking variance.

**Notice:**

If not for the short notice of the development (card sent April 11th by the city, received Saturday the 13th and comments due the 18th), I would have searched city records looking into past approvals for the Nissan development site and the buffering history of the earth berm.

I believe given the date the notice cards were mailed it was disingenuous at best for the staff report to the Planning Commission “the city sent notices to 42 property owners and has received no comments to date.” Given the cards were sent on Thursday and received on a Saturday, property owners had between 2-4 days to review a project that the city has worked on for months and submit informed comments. That is not practical or good community practice.

**The Staff Report**

**Despite the staff report recommendation, the Staff Report itself cites the true impact:**

Page 1. There is also a significant elevation change (berm) near the rear of the existing parking lot before it continues to fall into the wetland to the north of the parking lot.

Page 6. “The proposed dealership would result in a considerable change to the aesthetic of the property.

Page 9. Considerable earthwork is proposed to accommodate the new building and parking areas, with the majority of the site being raised.

Page 10. The final grade of the rear parking lot would be similar to the height of the existing berm in the rear of the property.

Page 11. The property contains 69 regulated trees. The majority of these trees would be removed if this project were to be approved. Four existing High Priority trees are to be removed (100%) and 49 of 65 existing Significant Trees are to be removed (75%).

Page 11. [Brad--Staff incorrectly reported the proposed impervious surface coverage as 40% proposed and contained no existing impervious surface coverage ratios were published in the report. Staff updated via email to 72% which still complies with code. Existing impervious surface is 181,600 square feet of coverage and proposed will be 184,081 square feet--an expansion of impervious surface in the application not stated in the report].
/S/ Bradley M. Schaeppi
315 Townes Lane
Minnetonka, MN 55391
Date: April 25, 2019
To: Mr. Drew Ingvalson, City of Minnetonka
From: Ann Johnson Stewart, Resident
Re: Walser Nissan dealership expansion on 394

I will be out of town and cannot attend the meeting on Thursday, April 25th.

Since we moved into our house at 213 Townes Lane, the car dealerships on Wayzata Blvd and west of 494 have continued to expand and add to the amount of light and sound pollution at our house. The light pollution is significant, and we have tolerated months of pile driving and construction noise throughout the years as the BMW dealership and others have expanded their buildings. We live just north of the proposed Walser Nissan project. The proposal for the expansion of the Nissan dealership at 15906 Wayzata Blvd raises several questions and concerns for me that I would like addressed by the Planning Commission.

I am most concerned about two things: the proposed elevation of the new building, and the removal of the existing berm and many large, established trees which serve as a buffer to the north.

I am a licensed civil engineer and have taught surveying at the University of Minnesota and Dunwoody for over twenty years. I understand elevations, contours and grading. I have also taught “tree identification” at Dunwoody to future land surveyors, so I know trees. Here are my questions:

1. **Why is the foundation of the building being raised to 966.80’?**
   According to the landscaping plan, the proposed foundation of the dealership is 966.80’. This is an increase in building floor elevation of nearly 12’ on the north side of the lot (see page 10 of Minnetonka Planning Commission notes). This elevation increase and the need to maintain drivable grades in the parking lot results in a raising of the parking lot elevation, which eliminates the effectiveness of the berm (and necessitates its removal).

   I have worked through several options for redesigning the parking lot and pond. With the building raised 12’, there are few options. **So the core question is, why is the elevation so much higher than the existing?**

2. **Why are the proposed replacement trees only 2.5” and the retaining wall height only 4’?**
   If the building stays at the elevation shown, the berm must go. I understand.

   The current berm blocks the neighborhood’s view of many of the cars in the lot. The future wall will not. An inexpensive solution is to require Walser to raise the elevation of the top of retaining wall and plant much larger and more established trees.

   The Planning Commission notes indicate that the wall varies from 2.2-14’. However, the wall is only 4’ high along the entire north boundary of the site. This is the side of the site that faces our neighborhood. Additional wall height is relatively inexpensive; I would be happy to prepare a reasonable cost estimate to raise the elevation of the wall if you’d like (my contact information is in the email I sent you). I propose that the wall height on the north side be raised to at least
elevation 970’ (a height of 9’) so that more of the vehicles and their headlights are blocked from our view. Perhaps they could build a wood barrier or fence adjacent to the wall as a cheaper option.

This is my reasoning for the 9’ wall height: a 4’ wall will indeed help to screen vehicles from residential properties, but not all of them. According to Nissan’s website, the height of most of the vehicles they sell exceed 4’, and most exceed 5’ (a Pathfinder is 5.8’ tall, a Murano is 5.55’, and even the Ultima sedan is 4.7’). This 4’ wall will not screen delivery, trucks, or service vehicles, all of which are noisier and have headlights that are placed at a height that exceeds 3.5’. And these numbers are only relevant for the vehicles parked right next to the wall (54 spots as shown in the layout).

I am also concerned about vehicle headlights shining over a 4’ wall built as proposed. The proposed top of wall elevation is shown at 965’. AASHTO uses 3.5’ as a standard headlight height, so anywhere that the pavement is at elevation 965’-3.5’=961.5’, a standard passenger vehicle headlight will shine over a 4’ wall. The proposed site plan indicates that only two rows of parking fall below elevation 961.5’. The third row of parking spaces is at lot elevation 963.0 (as indicated by the spot elevation on the island northeast of the north garage door). All other parking spaces and drive lanes are shown at elevations that exceed 963.0, so even an Ultima sedan’s headlights will shine over the wall (at elevation 963.0+3.5=966.5). Again, the top of wall elevation is 965.00.

A wall or fence that is 9’ tall will shield the headlights of most of the cars parked in the lot from shining into our neighborhood.

3. Why are the proposed replacement trees so small?

I understand that if the existing berm is removed, the trees that sit on it must be as well. Many of the existing trees to be removed are listed in the proposal as 30 feet tall with diameters greater than 8” (some as large as 14” with several very large cottonwood). The ones that are listed as replacing them are much smaller (2.5 inches in diameter).

The noise and light from the dealership will not be blocked nearly as effectively with these smaller trees. The trees on the north side of the BMW site appear to be original to the site; they are large, and nearly as tall as that 3-story building. In the summer, they block nearly all of the building. We like that.

For the Walser Nissan site: most of the existing trees are planted at elevation 960.0’, so they screen much of the site and existing building. After removal, the new trees will be planted in ground shown at elevation 954.0’. Even a 12’ tree (with 2.5” diameter) will extend only to elevation 966.0’ at time of planting, which is the BOTTOM OF THE BUILDING. For our neighborhood, none of the building will be shielded from view by trees less than 12’ tall. The coniferous trees in the planting schedule are listed at 8’ tall. It will take years before the first inch of building floor is shielded by the trees they are proposing to use.
Please consider requiring Walser to purchase and plant much more established and taller trees than the 2.5” diameter trees listed in the proposed plans, especially on the north side of the site. Trees are relatively inexpensive as well. The trees listed will cost approximately $600 each installed (based on MnDOT 2018 Average Bid Prices). My husband and I recently purchased a 20’ tall tree (4” caliper) for our front yard from Otten Brothers nursery, and it cost just over $1,000 installed. That represents less than $400 increase in each tree cost (less than $15,000 for 30 trees), which I think is safe to assume that Walser can afford (they have estimated annual revenue exceeding $25 million as per website https://www.owler.com/company/walser).

I wish I could be at the meeting tonight, but both my husband (also a civil engineer) and I are out of town. Please contact me by email or phone (612) 275-8190 if you have any questions or need additional information. We will be happy to provide it as concerned neighbors.
## PLANT SCHEDULE

### TREE SCHEDULE

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<th>CODE</th>
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### CHIN. TREES

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### GROUND COVERS

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<td>Miscanthus 'Z3-251' / Ponds and Wet Areas</td>
<td>Seed</td>
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A. Resolution approving a conditional use permit for an accessory structure exceeding 12 feet in height at 1,000 square feet in an area at 19100 Old Excelsior Blvd.

Recommend that the city council adopt the resolution approving a conditional use permit for an accessory structure exceeding 12 feet in height and 1,000 square feet in total floor area at 19100 Old Excelsior Blvd.

B. Resolution approving building and sign plans for proposed façade changes to the building at 14525 Hwy. 7.

Adopt a resolution approving an expansion permit to increase the height of the building within the required setback and a resolution approving the sign plan.

*Powers, Sewall, Hanson, Henry, and Kirk voted yes. Knight and Luke were absent. Motion carried and the items on the consent agenda were approved as submitted.*

8. Public Hearings

A. Items concerning Walser Nissan at 15906 Wayzata Blvd.

Chair Kirk introduced the proposal and called for the staff report.

Ingvalson reported. He recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Chair Kirk confirmed with Ingvalson that there would be a snow removal plan.

Chair Kirk asked if there would be mitigation for the trees removed. Ingvalson explained that would be addressed during the review of the building permit. The current plan would meet tree ordinance requirements.

Henry asked if the total area of all of the signs shown in the agenda packet would equal 184 square feet. Ingvalson answered affirmatively. Other car dealerships in the area have similar signs.

Powers thought removing the trees on the berm on the north side would change the character of the relationship to the adjacent houses. Ingvalson said that the current buffer is above and beyond what is required. Staff found that the proposal would meet minimum buffer requirements. The houses would be 800 feet to 1,000 feet from the edge of the new parking lot.

Henry asked if snow could be placed on the infiltration basins. Staff answered affirmatively. Henry noted that would increase the amount of salt traveling to the wetland. Ingvalson stated that a condition of approval would require information on the amount of salt used on the site. Thomas clarified that snow storage would be allowed in
the infiltration area, but not the wetland. The chloride-plan template follows the city’s own practices.

Sewall confirmed with Ingvalson the location of fill, grading, and the retaining wall. The plantings would be located on the north side with trees in front of the retaining wall. The retaining wall would be farther north than the berm.

Chair Kirk confirmed with Ingvalson that the retaining wall would be extended four feet in height to screen the vehicles.

Jack Grotkin, R.J. Ryan Construction, representing the applicant, stated that he was available for questions. The trees would be replaced with evergreens to make it look nice. The retaining wall would be increased four feet in height to provide screening. If it would work with the grading and the wetland setback, then he would rather create screening with earth rather than a retaining wall.

In response to Hanson’s question, Mr. Grotkin explained that the building would be moved back and aligned with the Lexus dealership and BMW dealership buildings. There are a lot of city requirements that drove the site plan. For instance, for every vehicle located in the front, two vehicles had to be located in the back. With the proposed building, there would be 74 fewer stalls than what is there currently. Removal of the berm would allow for 58 parking stalls.

Powers favored planting trees that would be as tall as 90 percent of the height of the existing trees. Mr. Grotkin would not be opposed to doing that, but he would need to check with an arborist.

The public hearing was opened.

Mark Birnbaum, 325 Townes Road, stated that:

- He appreciated commissioners looking at the berm area. He hoped the city would maintain the character of the wetlands.
- A four-foot retaining wall would not hide a van or building.
- The runoff from the car dealership would include fluids from vehicles.
- Larger replacements of the pine trees would make a dent in screening, but a building would not be hid from view.

Jeff Koblick, 351 Townes Road, stated that:

- The biggest issue with the BMW site was the berm height. Everyone was happy with the Nissan berm. It screened the business for 42 years. The city required an 11-foot berm with trees on top of it. It provided somewhat decent screening. What is being proposed is worse than what was originally proposed for BMW.
• The proposal would not be in keeping with the character of the neighborhood. It would change the view for homeowners on the north side.
• The height of the building would increase by 23 feet. It would be a big monolith.
• He requested that the berm stay the same or be brought up to a height to screen the building.
• He requested a rendering that would show the back view of the proposed building and screening. He believed a rendering was not being shown because it would show that the building would be obtrusive.

Brad Schaeppi, 315 Townes Lane, stated that:
• The berm is continuous and travels west. There is a row of mature, deciduous trees behind the BMW dealership.
• He disagreed with staff. The language in 300.27 is not discretionary. The proposal would remove the berm, so the proposal would not meet design standards.
• He provided six pages of comments.
• He was not overly concerned with the size of the building.
• Some of the trees are 30 feet to 35 feet in height. Removal of the 10-foot berm and trees would remove 40 feet to 45 feet of screening and the site slopes down from the frontage road to the back. He currently does not see headlights from vehicles navigating the site.
• There would be an increase in impervious surface by removing the berm.
• The trees are legally required to be there.
• Public hearing notices should be sent to all properties within sight of the applicant’s property rather than only those 400 feet from the site.

No additional testimony was submitted and the hearing was closed.

Ingvalson stated that the public hearing notice area was extended further than the 400-foot requirement and invited residents to sign up on the city’s website, eminnetonka.com, to receive notices via email for the proposal. The item is tentatively scheduled to be reviewed by the city council May 6, 2019.

Thomas read from the ordinance regarding the landscape requirements of a PID district. It states that landscape berms and buffers intended to screen development projects from single-family residential areas shall be installed with commencement of construction activity if determined appropriate by the city. The development review group includes natural resources, engineering, fire marshal, city attorney, and planning city staff members.

Chair Kirk recommended the applicant provide a rendering of the rear view of the site for the city council meeting. Ingvalson provided the definitions of the berm and buffer.
Sewall asked if it would be possible to add a berm on the back between the proposed parking lot and wetland. Gordon answered that if a berm would be constructed instead of a retaining wall, then parking stalls would have to be removed.

Thomas clarified that the ordinance also states that in cases where natural buffers are absent, earth and berms with new landscape material shall be installed.

Powers felt the proposed plan would be inadequate. He wants the neighbors to have the screening there now. It is not unreasonable for the neighbors to expect the screening to continue. The current screening would maintain the value of the property. He did not support the application. He was fine with the design plan for the proposed building and variances.

Henry welcomed redevelopment of the Nissan site. The proposal is in line with the character of the neighborhood and adjacent auto dealerships. The Nissan building currently sticks out for being too close to the road. It does not seem to fit with the character of the other dealerships. The building design is good. He agreed that the buffering would not be sufficient on the north side. He favored requiring a berm. He would prefer reducing the proposed impervious surface from 72 percent to 70 percent. He welcomed a negotiation and redesign to provide more of a buffer for the adjacent neighbors, but also be in the economic best interest of the car dealership.

Sewall felt details of the earth and berm part are missing from the proposal. More effort should be made to help mitigate the loss of screening.

Hanson was fine with the sign and setback variances. The minimum requirements have been met, but he would like to add a condition requiring more screening.

Chair Kirk concurred with commissioners. He would prefer the berm to stay, but it would not have to look like it does now to comply with the ordinance.

Chair Kirk asked the applicant if he would prefer to table action on the item. Mr. Grotkin stated that the retaining wall would be an earth-tone color, the trees planted on the north side of the wall would be pine trees, and the building would be dark grey and 20 feet shorter than the BMW building. He was willing to work with the landscaping to screen the retaining wall and building. He would provide a cross section of the rear view.

Mr. Grotkin did not want to delay the project by tabling action. He requested the commission make its recommendation to the city council. Chair Kirk suggested the applicant make additional visual aids for the city council’s review of the application. Mr. Grotkin was happy to work with staff.

Hanson moved, second by Powers, to recommend that the city council adopt the ordinance approving a master development plan and final site and building plans with a setback variance and a resolution approving a conditional use permit and
building-to-parking variance and sign plan for Walser Nissan Development at 15906 Wayzata Blvd. with modifications provided in the change memo dated April 25, 2019.

Hanson voted yes. Powers, Sewall, Henry, and Kirk voted no. Knight and Luke were absent. Motion failed.

Powers moved, second by Hanson, to recommend that the city council deny an application for an ordinance approving a master development plan and final site and building plans with a setback variance and a resolution approving a conditional use permit and building-to-parking variance and sign plan for Walser Nissan Development at 15906 Wayzata Blvd. with modifications provided in the change memo dated April 25, 2019.

Powers, Sewall, Hanson, Henry, and Kirk voted yes. Knight and Luke were absent. Motion carried.

Chair Kirk noted that this item is tentatively scheduled to be reviewed by the city council on May 6, 2019.

B. Items concerning Highcroft Meadows, a 14-lot residential subdivision at 14410 Orchard Road.

Chair Kirk introduced the proposal and called for the staff report.

Thomas reported. She recommended approval of the application based on the findings and subject to the conditions listed in the staff report.

Hanson liked the pie-graph slide. It provided great information.

In response to Hanson’s question, Thomas referred to the staff report that detailed that of the 49 percent of the lots less than 22,000 square feet in size in Minnetonka, one fourth of those are less than 15,000 square feet in size.

Chair Kirk thought the lots on the west side of Westmark Drive appeared small. They were all at least 11,000 square feet to 13,000 square feet.

Sewall asked what the density would be if the unbuildable area to the north would be excluded from the calculation. Thomas responded 2.85 units per acre which would still be within four units per acre.

Rick Denman, co-owner of Charles Cudd, Co., applicant, stated that:

- The site is a great piece of property. There is a big demand for the villa-style project. There is very little of that type of housing in Minnetonka.
Neighborhood Comments
Received After April 25, 2019
Planning Commission Meeting
Please note my concern about any chances to the buffering (landscape & trees, brush, any change in elevation) to the proposed Walser project.

As a long term resident of the Townes Road area (40 years) I have seen many changes to the 394 PUD area. The biggest by far was the change in elevation and the “Swale” to the car dealerships. The swale meant NO BUFFERING for us at all. It was not evident to us in the plans, not noted in the meetings we attended, and not found out about until we experienced it after the approvals and building.

The mature trees/brush/landscaping and current elevation are critical to our properties.

Please allow NO CHANGES to what exists in elevation and foliage….

We do not have another twenty years for these to grow to maturity. We did this once, and should not be asked to do so again.

The noises and light intrusions are real and concerning. Addressing them in the planning stage is all we can ask; knowing about them from experience is ours to bear and share. And ask that those in the position of recommending and approving/altering please pay attention.

We still have to call every month about the noise from the ‘CAR WASH’ doors open sound intrusions. BMW is fortunately responsive when receiving our call. We still have cars unloading on the frontage road… and this issue is at least THIRTY YEARS old and unresolved. Large trailers back up cars onto the frontage road weekly. Please pay attention to this finally.

Thank you for the opportunity to provide input, and please know I do not oppose Walser’s dealership or operation, I only ask for protection to the surrounding neighborhoods across the wetlands.

With respect,

Linda Koblick
351 Townes Road
Wayzata MN 55391
Review of salient points

Jeffrey M. Koblick
Tue 4/30/2019 9:32 AM
To: Jeffrey M. Koblick <kobcproducts@hotmail.com>

Jeffrey M. Koblick
351 Townes Rd.
P.O. Box 214
Wayzata, MN 55391

ph/fax: Cell:
e-mail:

SALIENT POINTS

Referring to the City’s Master Development Plan (MDP), I have highlighted several points in it that I will try to summarize below.

Page 9... the summation is the intent of the MDP; **to MINIMIZE to the GREATEST EXTENT reasonably possible noise and visual impacts.**

Then the MDP goes on to set standards within the plan.

The crux of the issue is this MDP intent is not covered in this Waizer proposal.

The Waizer Plan falls far short of the objectives and requirements as set forth in the MDP I-394 Corridor, in landscape and beaming, in setback requirements, in buffering business activities, by failing to provide the necessary detail for review, in the detailed landscaping plan, in the view analysis for all views of the building, in the elevation drawings for the screening to show how much of the building, lot etc will actually be screened from residential properties adjacent.

At the planning commission meeting, planners used the word minimum —but not MINIMIZE to the GREATEST EXTENT impacts as required in the MDP requirements.

It appeared that the applicant had not read the requirements of the MDP, or it was not followed, or not understood that it pertained to this proposal.

Its importance is tantamount to the neighbors facing these commercial properties. The Comprehensive Guide Plan states objectives relating to this over and over again — Commissioner Powers at the Planning Commission stated that the expectations of long term residential homeowners matters. Enjoying and continuing to enjoy our properties is something the city should protect.

SCREENING is REQUIRED

This was read to Planning Commissioners multiple times, and appeared to cause confusion as to what is required of the proposal.

On Page 22:

Landscape berms, buffers to screen from residential, SHALL be installed **with the commencement of construction activity if determined** by the city.

The planner combined point 2 and point 3. It read differently than what it does require. **The permissive part is on the construction timeframe, not the idea that the buffering of earthen berms and landscaping is conditional.**

It is REQUIRED to minimize to the ‘greatest extent’ reasonably possible noise and visual impacts

—meets the ‘minimum’ requirements? Needs to meet the Maximum!

- Have to have ramp parking inside the building if the total onsite .. ? (Unsure if this applies but take a look)

- No loud speaker pager systems (we as a neighborhood worked to make that part of the plan, as past uses were negatively affecting us)
-Landscaping and beaming has to shield the service use. All driving around, moving of inventory, going into service bay and car wash has to be protected so we don’t see the retail activity.

Point in the highlighted sections is that the city requires of the proposal that "landscaping and berming" to shield is required, and maximizing it. It is said over and over again in the master development plan. SHALL BE is said repeatedly.

- exterior display of storage consistent with provisions: combination of landscaping and berming to screen views to storage area etc SHALL be provided
   (that is a must, not permissive)

- traffic impact studies are required on any development which exceeds 25,000 sq ft. existing which exceeds 10% of the floor. — traffic study?
   One concern has always been the loading/unloading of vehicles on the frontage road, when it is required to be in the lot.

-setback is to a maximum of 100’ (MAX) of any street.

VIEW SHED
For all structures exceeding 3 stories, the following may be required: a view shed analysis!
Site sections and building views from ALL sides and from the direction MOST LIKELY To impact nearby properties.
None was provided.
Including elevations, topography and building heights, within 1000 feet.
Why wasn’t one provided in this proposal?

If over 100,000 sq ft building; provide deck or ramp parking. (uncertain if this is applicable; review)

Parking Lot Setbacks Requirement
With surface parking lot setbacks: in NO CASE shall the setback be less than 20 feet. (Review requirement if they request 10’. in NO CASE!)

SCREENING OF PARKING LOTS
page 22.
Parking lots, etc VIEWS from residential neighborhoods are SCREENED.

WETLAND PROTECTIONS
MDP (MASTER DEVELOPMENT PLAN) shall undertake ALL efforts to preserve existing natural features, including wetlands,... trees... areas of steep slope conditions.
In cases where natural buffers are absent, earthen berms WITH NEW landscape materials SHALL be installed.
(requirement sub. 214)
Isn’t permissive is required.
Review where removal of a previously required natural buffer comes into play. That appears to go against the requirements of the MDP.

Not less than 6’ or more than 8’ for balled or burlap, not more than 14’ for spayed trees. 'Trees exist. 8’ took too long to reach maturity. Removing them would adversely affect the view corridor put in place intentionally in past conditions.

Surface lots SHALL be buffered with surrounding berms and con. tree plantings page 23 SHALL BE. Is removing any part of what was put into place to protect us consistent with the MDP?

MDP SHALL be designed with the attention to the preservation of natural sound buffers.
Berms are natural sound buffers. New sound buffers created by berming and landscaping particularly when residential development is included— Preservation, not removal, of berms and trees is paramount and consistent with MDP.

Detailed landscaping, sign and lighting plans are required. These were not provided. No elevation drawings, no lighting.
Non-conforming concerns of the Wayzata Walser Nissan proposed development

Jeffrey M. Koblick
Tue 4/30/2019 9:23 AM
To: Jeffrey M. Koblick <kobcoproducts@hotmail.com>

Jeffrey M. Koblick
351 Townes Rd.
Wayzata, MN 55391
ph/fax Cell:
e-mail:

Re: Wayzata Walser Nissan-Proposed development

The Planning Commission heard this proposal on April 25th and members expressed very serious reservations about this Walser Dealership Proposal meeting the requirements of the MDP.
As neighbors, we attended, gave input, and we concur with these concerns. We offer our input below, as this proposal comes before the City Council in May 6, 2019. The Ryan representative at the Planning Commission stated, "Time kills all deals." We offer that time exposes all nonconforming deals, and ask for a more in depth analysis of the Walser Proposal with respect to the City’s Master Development Plan and Comprehensive Guide Plan. (MDP, CGP).

Concerns Regarding the Walser Dealership Proposal

Referring to the City's Master Development Plan (MDP), highlighted are several points in it relating to the Walser Proposal, as summarized below.
All lead to the crux of the issue with this Water Proposal: the MDP intent is not met with this Walser Proposal.

MINIMIZING IMPACTS TO NEIGHBORS

On Page 9... the summation, which gets us to the intent of the MDP requirements; is to MINIMIZE to the GREATEST EXTENT reasonably possible noise and visual impacts...to the residential properties adjacent to the dealership parcel.

The MDP states this in summation, and then goes on to set standards within the plan.

The Walser Plan falls far short of the objectives and requirements as set forth in the MDP I-394 Corridor, particularly in landscape and berming, in setback requirements, in buffering business activities.
By failing to provide the necessary detail for review, in the detailed landscaping plan, in the view analysis for all views of the building, in the elevation drawings for the screening to show how much of the building, lot etc will actually be screened from residential properties adjacent.

At the Planning Commission meeting, planners used the word minimum —but not MINIMIZE to the GREATEST EXTENT impacts as required in the MDP requirements.
It appeared that the applicant had not read the requirements of the MDP, or it was not followed, or not understood that it pertained to this proposal.
Its importance is tantamount to the neighbors facing these commercial properties.

The Comprehensive Guide Plan states objectives relating to this over and over again.

Commissioner Powers at the Planning Commission stated that the expectations of long term residential homeowners matter.
Enjoying and continuing to enjoy our properties is an objective the city protects, and recognizes through the Comprehensive Guide Plan.
SCREENING is REQUIRED

As read to Planning Commissioners multiple times by the City Planner, these words on Page 22 of the MDP appeared to cause confusion as to what is required of the Walser Proposal.

"Landscape berms, buffers to screen from residential, SHALL be installed with the commencement of construction activity if determined by the city."

The planner combined point 2 and point 3. The permissive part is on the construction timeframe, not the idea that the buffering of earthen berms and landscaping is conditional.

These buffering elements are REQUIRED to minimize to the ‘greatest extent’ reasonably possible noise and visual impacts.

SCREENING MUST BE EFFECTIVE

The planner stated that the Walser Proposal meets the ‘minimum’ requirements? To meet the MDP, the Walser Proposal needs to meet the Maximum!

An example of past dealership screening issues was loud speaker sound intrusions. The MDP states specifically a prohibition on loud speaker pager systems. We as a neighborhood worked to make that part of the plan approvals, as past uses were negatively affecting the quiet use and enjoyment of our residential properties. This is salient, as past proposals that went forth had requirements we relied upon. To pull back on those now would be serious concerns.

-Landscaping and beaming has to shield the service use. All driving around, moving of inventory, going into service bay and car wash requires screening to adjacent residential areas.

Pointed out in the highlighted sections is that the city requires of the proposal that ..“landscaping and berming” to shield is required, and maximizing it, not minimizing it. Screening and shielding is stated over and over again in the MDP. SHALL BE is stated repeatedly. It is our contention that this Walser Proposal should be held to these standards and requirements.

-Exterior display of storage consistent with provisions: combination of landscaping and berming to screen views to storage area etc SHALL be provided (that is a must, not permissive).

SCREENING OF PARKING LOTS

page 22. Parking lots, etc VIEWS from residential neighborhoods are SCREENED.

TRAFFIC STUDIES

-Traffic impact studies are required on any development which exceeds 25,000 sq ft. existing which exceeds 10% of the floor. — A traffic study?

One concern has always been the loading/unloading of vehicles on the frontage road, when it is required to be in the lot.

SETBACK REQUIREMENTS

Setbacks are required.
- setback is to a maximum of 100’ (MAX) of any street.
Parking Lot Setbacks Requirement
With surface parking lot setbacks: in NO CASE shall the setback be less than 20 feet. (Review requirement if they request 10'. in NO CASE!)

VIEW SHED
For all structures exceeding 3 stories, the following may be required: a view shed analysis!
Site sections and building views from ALL sides and from the direction MOST LIKELY To impact nearby properties.
None was provided.
Including elevations, topography and building heights, within 1000 feet.
Why wasn’t one provided in this proposal?

WETLAND PROTECTIONS
MDP (MASTER DEVELOPMENT PLAN) shall undertake ALL efforts to preserve existing natural features, including wetlands... areas of steep slope conditions.
In cases where natural buffers are absent, earthen berms WITH NEW landscape materials SHALL be installed.
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Not less than 6’ or more than 8’ for bailed or burlap, not more than 14’ for spayed trees. Trees exist. 8’ took too long to reach maturity. Removing them would adversely affect the view corridor put in place intentionally in past conditions.

Surface lots SHALL be buffered with surrounding berms and con. tree plantings page 23 SHALL BE. Is removing any part of what was put into place to protect us consistent with the MDP?

MDP SHALL be designed with the attention to the preservation of natural sound buffers.
Berms are natural sound buffers. New sound buffers created by berming and landscaping particularly when residential development is included— Preservation, not removal, of berms and trees is paramount and consistent with MDP.

Detailed landscaping, sign and lighting plans are required. These were not provided. No elevation drawings, no lighting.
SECTION 300.02. DEFINITIONS.

14. “Buffer” - the use of land, topography, open space or landscaping to separate a use of property from another adjacent or nearby use.

Purpose.

The purpose of the planned I-394 district is to establish a comprehensive, planned framework for development within the I-394 corridor. The city has determined that it is in the best interest of the city and the region to responsibly manage corridor growth. Specific development goals within the I-394 corridor include the following:

c) protection of the natural environment, including areas of steep slopes, mature trees, floodplain/wetlands, open space and drainage;
d) promotion of neighborhood stability and protection of property values through the use of buffers between land uses of different intensity.

SECTION 300.31. PLANNED I-394 DISTRICT.

7. Design Standards.

b) Landscaping: in addition to the landscape plan requirements contained in section 300.27, subd. 14, the following requirements shall be met:

1) Master development plans shall undertake all efforts to preserve existing natural features including wetlands/floodplain, trees and areas of steep slope conditions.

2) All development other than single family residential development shall be buffered from nearby single family neighborhoods. Buffering may be accomplished through the preservation of existing slopes and trees. In cases where natural buffers are absent, earthen berms with new landscape materials shall be installed.

3) Landscape berms and buffers intended to screen development projects from single family residential areas shall be installed with the commencement of construction activity if determined appropriate by the city. (Brad--Staff at PC incorrectly stated this provision allows the City the authority to decide an applicant need not have berms and buffers. The language reads the opposite. It gives the City more control over applicants and reads that the City may require to be installed "with the commencement of construction activity"—to buffer the visual and sound impact during construction—rather than after berms and buffers after construction which is when landscaping typically is installed).

4) A minimum landscape plan investment of 2 percent of total project value is required.

5) All new landscape trees and shrubs must meet the American Standard for Nursery Stock and American National Standard relating to planting guidelines, quality of stock and appropriate sizing of the root ball. Landscape trees must be bailed and burlapped or moved from the growing site by tree spade. Deciduous trees will be not less than two inches but not more than four inches caliper for bailed and burlapped trees, and not less than four inches but not more than eight inches caliper for spade-moved trees. Coniferous trees will not be less than six feet in height but no more than eight feet for bailed and burlapped trees, and not less than eight feet in height but not more than fourteen feet for spade-moved coniferous trees.
The city may allow larger bailed and burlapped or spade moved trees if these trees are accompanied with a three year guarantee.

6) Surface parking lots shall be buffered with surrounding berms and coniferous tree plantings.

7) Enhancement of the I-394 frontage shall be achieved by a mixture of a variety of species and sizes of boulevard plantings.

5) Noise: noise levels originating in the I-394 system require design sensitivity and mitigative measures. Master development plans shall be designed with attention to the following:
   a. preservation of natural sound buffers;
   b. installation of new sound buffers created by berming and landscaping, particularly when residential development is included;
   c. siting of non-residential buildings to function as sound barriers; and
   d. exterior public address or speaker systems are not permitted, unless specifically allowed for certain uses by this section.
Another comment to add to the record for next meeting.

-----Original Message-----
From: Geralyn Barone <gbarone@eminnetonka.com>
Sent: Monday, May 6, 2019 4:23 PM
To: Julie Wischnack <jwischnack@eminnetonka.com>; Loren Gordon <lgordon@eminnetonka.com>
Subject: FW: Monday May 6 agenda item, Walser Proposal for the Nissan Site

FYI - from last week.

-----Original Message-----
From: Linda Koblick
Sent: Friday, May 03, 2019 12:57 PM
To: Rebecca Schack <rschack@eminnetonka.com>
Cc: Geralyn Barone <gbarone@eminnetonka.com>; Perry Vetter <pvetter@eminnetonka.com>
Subject: Re: Monday May 6 agenda item, Walser Proposal for the Nissan Site

Thank you very much for your consideration.

The elevations/berming for screening are our biggest concerns… if the elevation of anything current raises, the relative height of the berm and new trees (prefer to keep the old!) needs to in order to be effective.

Regards,
Linda Koblick

> On May 3, 2019, at 11:08 AM, Rebecca Schack <rschack@eminnetonka.com> wrote:
> 
> Ms. Koblick,
> Thank you for your input. I will take your comments and concerns to heart as this project comes before us.
> I can assure you that I have watched the full Planning Commission meeting and will take their recommendation into consideration in making my decision.
>
> Sincerely,
> Rebecca Schack
> Council Member - Ward 2
> Minnetonka City Council
>
> >> On May 2, 2019, at 7:16 PM, Linda Koblick <*************** wrote:
>> >> Hello Ms. Schack,
>> >> I write you about the Walser proposal on Monday’s agenda. I see the packets are already out, and staff is recommending approval.
>> >> The Planning Commission did not. There are strong reasons for this. I would ask that you please read through the input and if I can offer additional comment to help you understand why this should not proceed as proposed, I would appreciate the opportunity.
Thank you.

Linda Koblick
351 Townes Road

(directly behind to the south of the project)
Ordinance No. 2019-

An ordinance approving a master development plan and final site and building plans, with a variance, to demolish and construct a new auto use building at 15906 Wayzata Blvd

The City Of Minnetonka Ordains:

Section 1. Background

1.01 On June 28, 1999, the city council adopted Ordinance No. 99-18. The ordinance amended a master development plan, and approved the final site and building plans, for the Wayzata Nissan at 15906 Wayzata Blvd.

1.02 The subject property is legally described as:

Section 3, Township 117, Range 22, West 356 feet of Southwest ¼ of Southwest ¼ Except Road

Section 2.

2.01 Jack Grotkin (R.J. Ryan Construction), on behalf of Walser Nissan-Wayzata, is proposing to demolish the existing building and construct a new car dealership building on the site.

2.02 To facilitate this redevelopment, this ordinance hereby repeals and replaces Ordinance No. 99-18 and approves a new master development plan and final site and building plans. Approval includes the following variances:

1. East and West parking lot setbacks from 20 feet to 10 feet. (City Code §300.31(7)(a)(5)(b)).

Section 3.

3.01 City Code §300.27 Subd.5 outlines the site and building plan standards. These standards are incorporated by reference into this resolution.

3.02 City Code §300.07 Subd.1 outlines variance standards. These standards are incorporated by reference into this resolution.
Section 4.

4.01 This ordinance approval is based on the following findings:

1. The proposal would meet the site and building plan standards outlined in City Code §300.27 Subd. 5 as:
   a) The proposal would replace an existing auto dealership with a new auto dealership building, which is consistent with the sites commercial land use designation. Further, the proposal has been reviewed by city planning, public works, engineering, and natural resources staff and found to be generally consistent with the city’s development guides, including the water resources management plan.
   b) The proposal requires variances from the zoning ordinance standards. As outlined in Section 4.01 of this resolution and within the Resolution 2019-___, the proposal requests meet the variance standards.
   c) As proposed, the grade of the existing parking lot and building area would be raised. This area currently consists of the existing building pad, asphalt, and turf grass. While grade changes in this area would visually alter the site, the work would not significantly impact any natural areas. In addition, the applicant has proposed earthwork in the rear of the site to create the proposed filtration basin. The filtration basin area would take advantage of an existing depression to limit the grading needed for stormwater.
   d) The Wayzata Blvd. corridor is currently developed, so future changes to the area should look to enhance views from the corridor and buffer views from new construction. The existing dealership building is only 64 feet from the Wayzata Blvd. curb. Both of the adjacent buildings are located over 270 feet from Wayzata Blvd. As proposed, the new building would be moved back approximately 215 feet. This movement will create a more consistent building line within the Wayzata Blvd corridor. Currently, there are a few plantings along the east and west property lines and on the west side of the subject building. However, the proposed landscaping plan would add significant tree buffering along the front of the property and within the parking lot that will create a visually pleasing view from Wayzata Blvd. The applicant has also proposed to keep the existing berm and trees on the rear side of the property, buffering views of the building and parking lot from residential properties to the north.
   e) In comparison to the existing site, the proposal would enhance onsite vehicle circulation with a more orderly layout of parking for visitors. The proposal also addresses protections of adjacent and neighboring properties through reasonable provisions. The proposed site would mitigate runoff on site, using a filtration basin in the rear of the property.
Additionally, the proposal would buffer views of the proposed structure through landscaping along Wayzata Blvd., the rear of the parking lot, and neighboring property lines. The rear of the building and parking lot would also be buffered from the northern residential properties by the existing berm and vegetation on the berm.

2. The parking lot setback proposal would meet the required standards for a variance as:

a) The proposal and resulting variance request would meet the intent of the city’s zoning ordinance. The intent of the ordinance, as it pertains to parking lot setbacks, is to ensure an appropriate separation between structures and parking lots. The proposed 10-foot setback would be consistent with several nearby properties, which also have reduced parking lot setbacks.

b) The proposal would be consistent with the city’s comprehensive plan. The subject property is guided for commercial, and a parking lot setback variance would not create an inconsistency with the comprehensive plan.

c) There are practical difficulties in complying with the 20-foot parking lot setback ordinance.

1) The request for a 10-foot parking lot setback is reasonable as the existing site has an 18-foot parking lot setback to the east and a 0-foot setback on the west. The proposed setbacks would shift the parking lot footprint to the east to make an even setback distance on both sides of the property. The combined side yard setback would expand by 2 feet.

2) There are three other properties along Wayzata Blvd. that have non-conforming parking lot setbacks. If approved, the subject parking lot would not alter the essential character of the locality.

Section 5. Approval

5.01 Approval is subject to the following conditions:

1. The site must be developed and maintained in substantial conformance with the following plans unless modified by the conditions within Resolution 2019-___:

   - Title sheets dated May 9, 2019
   - Site plan dated May 10, 2019.
   - Landscaping Plan Trees dated May 9, 2019.
   - Building elevations dated May 9, 2019.
• Visual Study dated June 5, 2019.

The above plans are hereby adopted as the master development plan and a final site and building plans, with a variance.

2. The approval of this ordinance is subject to the conditions outlined in Resolution 2019-______.

3. A copy of the ordinance must be recorded at Hennepin County.

Section 6. A violation of this ordinance is subject to the penalties and provisions of Chapter XIII of the city code.

Section 7. This ordinance is effective immediately.

Adopted by the city council of the City of Minnetonka, Minnesota, on June 24, 2019.

Brad Wiersum, Mayor

ATTEST:

Becky Koosman, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: Mar. 18, 2019
Date of adoption: Motion for adoption:
Seconded by: Voted in favor of:
Voted against: Abstained:

SEAL
Resolution 2019-
A resolution approving an amendment to an existing conditional use permit, with a variance, and a sign plan at 15906 Wayzata Blvd.

BE IT RESOLVED by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. BACKGROUND.

1.01 R.J. Ryan Construction, Inc. is requesting an amendment to its existing conditional use permit for exterior display, sales, and storage associated with an automobile dealership. Approval includes the following variance:

- On-site parking-to-building ratio from one space for every 200 square feet to 1.5 spaces for every 200 square feet.

1.02 The applicant is also requesting a sign plan to permit four signs on a single elevation. City Code only permits one sign per elevation. (City Code §325.06 (2)(a)(1)).

1.03 The subject property covered by this approval is located at 15906 Wayzata Blvd. and is legally described as:

Section 3, Township 117, Range 22, West 356 feet of Southwest ¼ of Southwest ¼ Except Road

1.04 On April 25, 2019, the planning commission held a hearing on the proposal. The applicant was provided the opportunity to present information to the planning commission. The planning commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council deny the request.

1.05 The applicant revised the proposal based on the comments provided by the planning commission at its April 25, 2019 meeting. The revised plan was presented to the city council on May 20, 2019. The city council considered the revised plan and referred it and additional graphics back to the planning commission for review.

1.06 On June 13, 2019, the planning commission held a hearing on the revised plan. The applicant was provided the opportunity to present information to the planning commission. The planning commission considered all of the comments received
and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council approve the revised proposal.

Section 2. Standards.

2.01 General Conditional Use Permit Standards. City Code Section 300.31, Subdivision 4, lists the following general standards that must be met for granting of a conditional use permit:

1. The use met the specific standards as outlined in the code.
2. The use is in the best interest of the city.
3. The use is compatible with other nearby uses.
4. The use is consistent with other requirements of the ordinance.

2.02 Specific Conditional Use Permit Standards. City Code Section 300.31, Subd.4 further lists the following specific standards that must be met for granting of the permit:

1. The parcel is located within the I-394 redevelopment overlay district No. 6 or No. 7.
2. All inventory and display vehicles located outside of a building or structure must be at finish grade level. No jack stands, risers or other mechanisms may be used to elevate any vehicle for display purpose.
3. Class II motor vehicle sales (used car sales) are allowed only as an accessory part of the new car sales.
4. The sale of vehicles may occur during the times and days allowed by state law.
5. Vehicles must not be displayed in any yard area, drive aisle, or fire lane.
6. The overall hard surface coverage must not exceed 70%, and floor area ratios must not exceed 0.6 except that the hard surface coverage may extend to 80% with innovative stormwater management methods and treatment measures subject to approval by the city engineer.
7. The architectural and site standards must comply with section 300.31 Subd.7(a).
8. The landscaping must comply with Section 300.31 Subd.7(b) and must contain a wall, berm or other feature that is constructed for long term durability when adjacent to the residentially zoned property to minimize to the greatest extent reasonably possible, noise and visual impacts.
9. Parking lot and site security lighting must comply with section 300.31 Subd.7(c) and in addition, the following requirements:

a) Maximum of 450 watts per fixture.

b) Maximum height of light standards is 30 feet in outdoor display areas as defined in 300.31 Subd. (4)(a)(3)(b) and 25 feet in all other outdoor areas.

c) Maximum of 1 watt per square foot surface parking area.

d) The lighting plan shall be designed to have 0.0 foot-candles at residential property lines with the understanding that ambient light from other sources may spill on the property and influence actual on-site measurements.

10. Parking requirements must comply with one of the following:

a) fifty percent of the total on-site parking spaces must be in a structured parking ramp, or

b) if the city deems appropriate, surface parking without a ramp under the following conditions:

   1) total on-site parking must not exceed one parking space for every 200 square feet of building area, and

   2) submittal of a plan that adequately screens 50% of the total parking spaces from public view.

11. Vehicles parked within a parking structure must be screened from view from surrounding residential uses.

12. The customer parking spaces must be clearly signed and may not be used at any time for inventory vehicle parking.

13. All pick-ups and drop-offs of vehicles must occur on site and off public streets.

14. All loading and unloading of vehicles must occur on site and off public streets.

15. Customer testing of vehicles may occur only on non-residential streets and only with a store employee.

16. No loudspeaker paging system may be used.

17. All rooftop equipment must be fully screened from ground level view of adjacent properties.
18. All signs must be consistent with this code.

19. Poured-in-place concrete curbs must be constructed and maintained on the perimeter of parking lots and traffic islands.

20. All trash and recyclable materials must be screened from public view.

2.03 Variance Standard. By City Code §300.07 Subd.1, a variance may be granted from the requirements of the zoning ordinance when: (1) the variance is in harmony with the general purposes and intent of this ordinance; (2) when the variance is consistent with the comprehensive plan; and (3) when the applicant establishes that there are practical difficulties in complying with the ordinance. Practical difficulties mean: (1) The proposed use is reasonable; (2) the need for a variance is caused by circumstances unique to the property, not created by the property owner, and not solely based on economic considerations; and (3) the proposed use would not alter the essential character of the surrounding area.

2.04 Sign Plan Standards. By City Code §325.05 Subd.5, a sign plan to allow signage with different requirements than the sign ordinance can be approved by the city. The factors are considered:

1. The site is currently non-conforming with the number of signs on the south elevation.

2. The subject building would be moved further away from Wayzata Blvd., decreasing the business’ visibility.

3. The site is located in an area with other car dealers that have multiple signs on a single elevation.

4. The proposed wall signage would not exceed 150 square feet on a single elevation, matching the city code requirements.

5. The sign plan includes permanent sign covenants, which can be enforced by the city.

Section 3. Findings.

3.01 The proposal meets the general conditional use permit standards.

3.02 The subject request meets the specific conditional use permit requirements with the exception of requirements 9 and 10:

1. The parcel is located within the I-394 redevelopment overlay district No. 6.

2. All proposed inventory and display vehicles located outside of a building or structure are at finish grade level. The applicant has not proposed jack stands, risers or other mechanisms may be used to elevate any vehicle for display purpose.
3. The applicant has stated that less than 50 percent of sales are used vehicles.

4. The applicant has not proposed hours of operation outside of those allowed by state law.

5. The applicant has not proposed any vehicle displays within the yard areas, drive aisles or fire lanes.

6. The proposed impervious surface would be just under 70%, and the floor area ratio would be 0.18.

7. The architectural and site standards comply with section 300.31 Subd.7(a).

8. The landscaping complies with Section 300.31 Subd.7(b). The site will preserve the top portion of the berm and trees on the berm. The berm and proposed tree plan will reasonably minimize possible noise and visual impacts from neighboring properties located approximately 700 feet from the proposed site.

9. Parking lot and site security lighting does not comply with section 300.31 Subd.7(c) or the specific light standards stated within the CUP requirements. However, staff has provided a condition of approval within Section 4 that requires a lighting plan be submitted prior to the release of the building permit.

10. The applicant has proposed a surface parking lot without a ramp. The proposed on-site parking-to-building ratio exceeds one space for every 200 square feet. Per the subject plan, the applicant has proposed 1.5 spaces for every 200 square feet. The applicant has requested a variance from this requirement. Findings for this request can be found in Section 3.03.

   In addition, the proposed plan screens just under 50% of the proposed parking spaces. Staff has provided a condition of approval requiring a revised parking and landscaping plan to screen three additional vehicles, which would bring the site plan up to required 50% screening of vehicles.

11. The applicant has not proposed a parking structure.

12. As a condition of this resolution, customer parking spaces must be clearly signed and may not be used at any time for inventory vehicle parking.

13. As a condition of this resolution, all pick-ups and drop-offs of vehicles must occur on site and off public streets.

14. As a condition of this resolution, all loading and unloading of vehicles
must occur on site and off public streets.

15. As a condition of this resolution, customer testing of vehicles may occur only on non-residential streets and only with a store employee.

16. As a condition of this resolution, no loudspeaker paging system may be used.

17. As a condition of this resolution, all rooftop equipment must be fully screened from ground level view of adjacent properties.

18. A sign plan has been approved with this request. The proposed signage must be compliant with this sign plan.

19. As a condition of this resolution, poured-in-place concrete curbs must be constructed and maintained on the perimeter of parking lots and traffic islands.

20. As a condition of this resolution, all trash, and recyclable materials must be screened from public view.

3.03 The proposed parking-to-building square footage ratio would meet the required standards for a variance as:

1. The proposal and resulting variance request would meet the intent of the city’s zoning ordinance. The intent of the ordinance, as it pertains to the parking lot to building ratios, is to ensure that the parking lots are sized appropriately proportional to the building they are associated with. The proposal would reduce the parking ratio and would reduce the total number of parking stalls on the site, thus bringing the property closer to conformance with the ordinance.

2. The proposal would be consistent with the city’s comprehensive plan. The subject property is guided for commercial, and a parking-to-building ratio variance would not create an inconsistency.

3. There are practical difficulties in complying with the parking lot to building square footage ratio requirement.

   a) The request is reasonable as the proposed parking lot would increase driver safety. The current lot has several drive aisles that are less than 26 feet wide and are extremely long, with no turning options. All of the drive aisles in the proposed plan would be at least 26 feet in width, and the proposed parking lot creates a more logical driving path, with shorter aisles and landscaping islands.

   b) The variance request is caused by circumstances unique to the property. Specifically, the subject site is currently non-conforming. It has approximately 407 parking spaces and a parking-to-building
ratio of 2.4 spaces to every 200 square feet of building space. The proposal reduces the total number of parking spaces to 329 with the proposed plan, resulting in 1.5 spaces to every 200 square feet of building space. The proposal would bring the subject property closer to compliance with the parking-to-building square footage ratio.

c. If approved, the proposed project would not alter the essential character of the neighborhood. The immediate area is characterized by auto dealerships with large parking lots. The proposal reduces total on-site parking by 78 parking spaces.

3.04 The proposed sign plan is reasonable, as:

1. The subject site currently has a non-conforming number of signs on the front elevation of the building. The site has three signs on one elevation and a fourth sign that faces Wayzata Blvd. Approving the proposed sign plan would move an existing rear elevation sign, which faces Wayzata Blvd, to the south elevation of the building.

2. The sign plan would not permit more signage area than would be permitted by city code. Instead, it will only permit a greater number of signs.

3. If approved, the sign plan would not alter the essential character of the neighborhood, as the existing area has several dealership buildings with multiple signs on a single elevation.

Section 4. City Council Approval.

4.01 The city council hereby approves the proposal. Approval is based on the findings outlined in section 3 of this resolution. Approval is subject to the following conditions:

1. Subject to staff approval, the site must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:
   - Title sheets, dated May 9, 2019
   - Site plan, dated May 10, 2019.
   - Building elevations, dated May 9, 2019.

2. Prior to issuance of a building permit:
a) Schedule and hold a pre-construction meeting with building, engineering, planning, and natural resources staff.

b) Pay any outstanding property taxes.

c) Submit the following:

1) A proposed survey that limits impervious surface to 70 percent. This calculation shall exclude wetland areas from the total lot area.

2) A revised plan set that clearly illustrates preservation of an at least 5-foot tall berm on the north side of the proposed parking lot. The revised plans set should include:

   a. Grading, Drainage and Erosion Control Plan;
      • The revised grading plan must reflect the elevations and conditions shown in the Visual Study dated June 5, 2019.
   
   b. Landscaping Plan Trees and Shrubs;
   
   c. Utility Plan.

3) The final landscape plan must:

   a. Illustrate that the berm will be constructed as shown in the grading and landscaping plans dated May 10, 2019.

   b. Illustrate that 50 percent of the parking will be screened.

   c. Meet minimum landscaping and mitigation requirements, as outlined in the city ordinance. This plan must include information related to species, sizes, quantities, locations, and landscape values. It must also include pollinator-friendly species. Note, only small shrubs, perennials, and grasses may be located in public easements.

   d. Include vegetative screening north of the parking lot. Deer guards must be provided on all deciduous trees.

4) A tree mitigation plan. The plan must meet mitigation requirements as outlined in the city ordinance. However, at the sole discretion of staff, mitigation may be decreased.
5) A revised lighting plan for staff review and approval. The lighting plan must comply with section 300.31(7)(c) and in addition, the following requirements:
   a. Maximum of 450 watts per fixture.
   b. Maximum height of light standards is 30 feet in outdoor display areas as defined in 300.31 (4)(a)(3)(b) and 25 feet in all other outdoor areas.
   c. Maximum of 1 watt per square foot surface parking area.
   d. The lighting plan shall be designed to have 0.0 foot-candles at residential property lines with the understanding that ambient light from other sources may spill on the property and influence actual on-site measurements.

6) Final stormwater management is required for the entire site’s impervious surface. The plan must demonstrate conformance with the following criteria:
   a. Rate: limit peak runoff flow rates to that of existing conditions from the 2, 10, and 100-year events at all points where stormwater leaves the site.
   b. Volume: provide for onsite retention of 1-inch of runoff from the entire site’s impervious surface.
   c. Quality: provide for runoff to be treated to at least 60 percent total phosphorus annual removal efficiency and 90-percent total suspended solid annual removal efficiency.

7) A building materials board to city staff for review and approval.

8) Salt/chloride management and snow removal plans, for staff review and approval, to ensure protection and survival of the plantings and protection of the wetland and wetland buffer areas.

9) An MPCA NPDES permit.

10) An MDH permit for the proposed water main or documentation that a permit is not required.

11) Truck turning exhibit. The exhibit must use the templates
for the city’s largest fire truck and illustrate that the truck can maneuver through the site. Note: fire lanes must be designated on the plans submitted for building permit review. These lanes must be acceptable to the fire marshal.

12) The following legal documents:

a. Drainage and utility easements over wetlands, floodplains, and stormwater management facilities.

b. A conservation easement of the required 25-foot wetland buffer. The easement must be fully executed before issuing the permit. Note: the wetland buffer area must be fully established with native vegetation prior to full release of any landscaping securities, which may require the use of a restoration contractor if established by seed.

c. A stormwater maintenance agreement in a city-approved format for review and approval of city staff.

d. A private hydrant maintenance agreement in a city-approved format for review and approval by city staff.

e. A private access agreement from the neighboring property is allowing the driveway to cross their property. Note: if no access agreement existing or can be achieved, the western access must be straightened to be perpendicular with the extended property line.

13) A construction management plan. The plan must be in a city-approved format and must outline minimum site management practices and penalties for non-compliance. The management plan must be accompanied by a cash escrow, in the amount of $2,000, and a waiver document prepared by the city attorney and signed by the applicant. Through this document the applicant will acknowledge: (1) the property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and (2) if compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.
14) Escrow money to cover the costs to demolish the existing building. This amount will be determined by staff. Grading cash escrow in the amount of $2,000.

15) Individual letters of credit or cash escrow for 125% of a bid cost or 150% of an estimated cost to construct street and utility improvements, comply with grading permit, wetland restoration, tree requirements and to restore the site. The city will not fully release the letters of credit or cash escrow until: (1) as-built drawings have been submitted; (2) a letter certifying that the streets and utilities have been completed according to the plans approved by the city has been submitted; (3) vegetated ground cover has been established; and (4) required landscaping or vegetation has survived one full growing season.

d) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures as identified as the SWPPP for staff inspection. These items must be maintained throughout construction.

e) No wetland impacts are allowed, and all proposed work must meet wetland setbacks. The silt fence, outlet pipe, rip-rap (or other dissipation devices), and all grading, filling or other work must be located outside the wetland.

f) Any utility work within the right-of-way requires a right-of-way permit.

g) A grading permit is required if the applicant elects to complete grading work prior to issuance of a building permit.

3. Customer parking spaces must be designated on plans submitted for building permit review.

4. All inventory and display vehicles located outside of a building or structure must be at finish grade level. No jack stands, risers, or other mechanisms may be used to elevate any vehicle for display purpose;

5. Class II motor vehicle sales (used car sales) are allowed only as an accessory part of the new car sales.

6. The sale of vehicles may occur during the times and days allowed by state law.

7. At no time may vehicles be displayed in any yard area, drive aisle, or fire lane.

8. The customer parking spaces must be clearly signed and may not be
used at any time for inventory vehicle parking.

9. All pickups and drop-offs of vehicles must occur on site and off public streets.

10. All loading and unloading of vehicles must occur on site and off public streets.

11. Customer testing of vehicles may occur only on non-residential streets and only with a store employee.

12. No loudspeaker paging system may be used.

13. All rooftop equipment must be fully screened from ground level view of adjacent properties.

14. All signs must be consistent with this code or the approved sign plan.
   a) Four signs are permitted on the south elevation. The total signage on the south facing wall is limited to 150 square feet or 10 percent of the wall face, whichever is less.
   b) Sign permits are required for each new sign.

15. All trash and recyclable materials must be screened from public view.

16. The property owner is responsible for replacing any required landscaping that dies.

17. Poured-in-place concrete curbs must be constructed and maintained on the perimeter of parking lots and traffic islands.

18. Permits may be required from other agencies including Hennepin County, Minnehaha Creek Watershed District, and the MPCA. It is the applicant’s or property owner’s responsibility to obtain all necessary permits.

19. The city council may reasonably add or revise conditions to address any future unforeseen problems.

20. Any change to the approved use that results in a significant increase in traffic or a significant change in character would require a revised conditional use permit.

Adopted by the city council of the City of Minnetonka, Minnesota, on June 24, 2019.

Brad Wiersum, Mayor
ATTEST:

Becky Koosman, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: Mar. 18, 2019
Date of adoption:
Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:

SEAL
City Council Agenda Item #14B  
Meeting of June 24, 2019

**Brief Description**  
Concept plan review for Newport Midwest at 10400, 10500 and 10550 Bren Road East

**Recommendation**  
Discuss concept plan with the applicant. No formal action required

**Background**

The concept plan for this proposed development was submitted in March of 2017. In 2018, the city approved a master development plan and final site and building plans for The Mariner. The 249-unit apartment project proposal was comprised of two buildings. The westerly building contained market rate units, and the easterly building was comprised of workforce units. The buildings were to be physically connected by shared common and amenity spaces. To date, neither grading nor building permits have been issued for the project.

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<tr>
<td>One Bedroom</td>
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**Revised Concept Plan**

The approved Mariner project received tax credits and city tax increment pooling dollars. However, additional private investors are also needed to finance the project. The property owner recently contacted city staff and indicated that the physical connection of the market rate and workforce housing buildings has significantly reduced the number of potential investors.

The tax credits awarded to the project require that the workforce housing building be constructed and occupied by year-end 2020. It is staff’s opinion that, even with full financing and a very aggressive construction schedule, a 2020 occupancy would be unlikely. Nevertheless, the property owners have presented a new, phased concept for the redevelopment of the site to make use of the tax credits. The plan contemplates: (1) physically separating the market rate and workforce housing; (2) repositioning the market rate housing on the east side of the site and the workforce housing on the west side; and (3) constructing the workforce housing as Phase 1 with market-rate housing constructed as Phase 2 sometime in the future.
Key Issues

City staff has identified the following considerations for the concept plan:

- **Phasing – Density:** The concept plan suggests the construction of a “small-ish” 55-unit building 700 feet from the Southwest Light Rail Transit Opus Station in the short-term. While the property owner plans to construct a larger market-rate building in the future as phase 2, no specifics about such construction have been provided nor can such plans be guaranteed. Comments regarding appropriate Phase 1 density – particularly as the site relates to the Opus Station – would be appropriate.

- **Phasing – Site Design:** The proposed site plan shows two buildings, constructed in two phases. Access to the larger site would be provided from Bren Road East and a common private driveway at the east property line. Comments related to the physical relationship between the two phases would be appropriate.

- **Financing:** The city contractually committed $556,179 to this project. There are many parts of the contract that would need to be reconsidered based on the proposed changes. Comments relating to financing would be appropriate.

Review Process

Staff has outlined the following review process for the proposal. At this time, a formal application has not been submitted.

- **Planning Commission Concept Plan Review.** The planning commission reviewed the concept plan at its June 13, 2019 meeting. The planning commission asked questions and made the following comments:
  
  o Does the market rate building need the affordable housing building in order to proceed?
  o How long did the Mariner look for a market rate housing partner?
  o If the revised project does not have the common amenities/improvements, what can be done to tie the two projects?
  o What will be the market rate unit count?
  o What will happen with the east lot until development occurs?
  o When would construction on the market rate apartment start?

- **City Council Concept Plan Review.** The city council Concept Plan Review is intended as a follow-up to the planning commission meeting and would follow the same format as the planning commission Concept Plan Review. No staff recommendations are provided, the public is invited to offer comments, and council members are afforded the opportunity to ask questions and provide feedback without any formal motions or votes.
Staff Recommendation

Staff recommends the city council provide comment and feedback on the identified key issues and others they deemed appropriate. The discussion is intended to assist the applicant with future direction for the project.

Through:  Geralyn Barone, City Manager
          Julie Wischnack, AICP, Community Development Director

Originator:  Loren Gordon, AICP, City Planner
ADDITIONAL INFORMATION

Next Steps

- **Formal Application.** If the developer/property owner chooses to file a formal application, notification of the application would be mailed to area property owners. Area property owners are encouraged to view plans and provide feedback via the city’s website. Through recent website updates: (1) staff can provide owners with ongoing project updates, (2) owners can “follow” projects they are particularly interested in by signing up for automatic notification of project updates; (3) owners may provide project feedback on project; and (4) and staff can review resident comments.

- **Council Introduction.** The proposal would be introduced at a city council meeting. At that time, the council would be provided another opportunity to review the issues identified during the initial concept plan review meeting, and to provide direction about any refinements or additional issues they wish to be researched, and for which staff recommendations should be prepared.

- **EDAC Review.** All contractual changes or proposed amendments must be reviewed by the commission. The commission will provide their recommendation to the city council.

- **Planning Commission Review.** The planning commission would hold an official public hearing for the development review and would subsequently recommend action to the city council.

- **City Council Action.** Based on input from the planning commission, professional staff and general public, the city council would take final action.

Roles and Responsibilities

- **Applicants.** Applicants are responsible for providing clear, complete and timely information throughout the review process. They are expected to be accessible to both the city and to the public, and to respect the integrity of the public process.

- **Public.** Neighbors and the general public will be encouraged and enabled to participate in the review process to the extent they are interested. However, effective public participation involves shared responsibilities. While the city has an obligation to provide information and feedback opportunities, interested residents are expected to accept the responsibility to educate themselves about the project and review process, to provide constructive, timely and germane feedback, and to stay informed and involved throughout the entire process.

- **Planning Commission.** The planning commission hosts the primary forum for public input and provides clear and definitive recommendations to the city council. To serve in that role, the commission identifies and attempts to resolve development issues and concerns prior to the council’s consideration by carefully balancing the interests of applicants, neighbors, and the general public.
- **City Council.** As the ultimate decision maker, the city council must be in a position to equitably and consistently weigh all input from their staff, the general public, planning commissioners, applicants and other advisors. Accordingly, council members traditionally keep an open mind until all the facts are received. The council ensures that residents have an opportunity to effectively participate in the process.

- **City Staff.** City staff is neither an advocate for the public nor the applicant. Rather, staff provides professional advice and recommendations to all interested parties, including the city council, planning commission, applicant and residents. Staff advocates for its professional position, not a project. Staff recommendations consider neighborhood concerns, but necessarily reflect professional standards, legal requirements and broader community interests.
2018 APPROVAL
Becky Landon  
Newport Midwest  
475 Cleveland Avenue North, STE 303  
St. Paul, MN 55104  

May 29th, 2019  

Julie Wischnack  
City of Minnetonka  
14600 Minnetonka BLVD, MN 55345  
Minnetonka, MN 55345  

RE: The Marnier Affordable  

Dear Ms. Wischnack:  

It has been a pleasure to work with the City of Minnetonka staff and elected officials on The Mariner. As I have shared with you, our attempts to bring the financing for the Mariner market rate building are not coming together within the time frame we had hoped for. At this point, the schedule is jeopardizing the 9% LIHTC requirement for the affordable building to be constructed and occupied by year-end 2020.  

We propose adjusting our site plan so that the affordable building moves to the west side of the site, along the SWLRT. Attached you will find that site plan, along with renderings of the building. Please note the following:  

• Moving the building to the west side of the site provides the highest level of marketability for the eastern portion, to allow for future phased development.  

• The building layout has not changed, other than adjusting the common spaces so that we have main entries facing east, as well as opening towards the Opus Station. In fact, this site plan offers a better, more eye-catching connection to the Opus Station.  

• The unit mix, building size, and exterior materials have not changed.  

• This plan allows for more efficient parking.  

• The building and amenities are outside of the City and SWLRT easements.  

• The Development Team (ownership, architectural, engineering and general contractor) have evaluated the new site plan to fit within the parameters and development goals that were given to us for the previous design. You will note that this site plan provides robust connectivity to the trail system as well as the light rail station and is situated within the agreed upon easements.  

Although our focus over the next few months will be on the financial closing and construction start for the affordable building, we are continuing to work on the second phase of development, as well. We are exploring debt execution options that could include some additional affordability at the site, as well as continuing our conversations with potential market-rate investors. We look forward to executing on the
The equity fundraising for the market-rate building of the original plan was an extensive and exhaustive process. Working with Collier's, the market rate offering package was emailed to almost 5300 potential investors in their database. 99 of those showed interest and asked question to learn more, and 25 groups toured the site. Consistently, the feedback was that 1) The site is not urban enough (lacking walkable amenities, no grocer nearby, etc.); 2) the project design included physical connection to the affordable-building, which opened up a potential for unknown risk that was difficult to measure; 3) the market in the Opus Business Park is still somewhat untested – although there are several projects proposed, there is not strong data to support the demand and project achievable market rents.

Collier's has suggested that given more time, the ideal market-rate investor is likely out there for this project. Specifically as the following thresholds are met, the project’s feasibility and risk-factors will become more clear:

- The potential addition of a grocery store within the business park (creating a true 24 hour community)
- Construction start and completion of the Southwest Lightrail
- Historic data on lease-up and achieved, stabilized, rents of nearby market-rate developments (i.e. The Rize)
- Untethering the two buildings from one another both financially and physically

The new site plan achieves the goal of untethering the two buildings. That said, we still intend for the two buildings to look and feel like one apartment complex, with an operating easement agreement for shared amenities.

Please share this letter along with the attached site plan and renderings with the Planning Commission. We look forward to presenting the revised proposal for conceptual review to the Commission at the June 13th meeting. We are committed to creating a vibrant and diverse community at this site and will continue to work with you and your staff to achieve this goal.

Thank you,

Becky Landon

Becky Landon | President
Newport Midwest, LLC
475 Cleveland Avenue North, Suite 303 | Saint Paul, MN 55104
[p] 651.238.6890 | [e] blandon@newportpartners.com

Enclosure

cc: Mayor Brad Wiersum; Councilmember Bob Ellingson; Loren Gordon; Alisha Gray
9. **Other Business**

A. **Concept plan for The Mariner at 10400, 10500, and 10550 Bren Road East.**

Staff recommends that commissioners provide comments and feedback on the identified key issues and additional issues commissioners deem appropriate. The discussion is intended to assist with future direction that may lead to the preparation of more detailed development plans.

Becky Landon, president of Newport Midwest, applicant, stated that:

- She provided the background on the project.
- The proposed site-plan change would preserve the funding for the affordable component.
- There would be 55 affordable units. Affordable housing income guidelines equal up to 50 percent of area-median income.
- There would be four supportive units designated for veterans experiencing homelessness.
- There would be one, two, and three-bedroom apartments.
- She provided a presentation.
- The buildings would be separately financed, but look and operate as one complex. The buildings would be constructed at the same time.
- The financing for the affordable-housing building is at risk if the project does not move forward and start construction this fall. The affordable building was awarded nine percent affordable-income-housing-tax credits in 2018. According to federal regulations, the building must obtain a certificate of occupancy by the end of 2020 or the tax credits would be lost. There is no wiggle room.

Pete Keely, architect for the proposal, stated that:

- The applicant has received more information from SWLRT.
- The best location for the affordable building would be along the SWLRT line. It would provide additional flexibility.
- The number of parking stalls would be increased to 1.5 stalls per unit.
- The sidewalk on the south end would no longer need a tunnel.
- The common spaces and amenities would be the same as the other building.
- There would be a better and safer play area in the northwest corner.
- There would be a two-story space inside the building connecting to the play area.
- The site would have access to SWLRT.
- The building would be fairly dense.
• The watershed district changed some requirements. An underground storage tank is being considered on this portion of the site which has good soils for infiltration.
• He provided renderings of the proposal.
• The exteriors would still be brick and metal.

Ms. Landon stated that:

• The watershed district is fine with the proposed site change.
• She requested that planning commissioners, councilmembers, and staff work with the applicant to modify the typical process so that construction of the affordable building would be able to begin this fall to protect the tax-credit award.
• The applicant is prepared to submit updated land use submittals shortly after the June 24th city council meeting.
• The applicant requests formal approvals of action requests in August. The applicant will be as collaborative as possible to meet that time schedule as well.
• The TIF agreement modifications would also need to be done in a timely manner. She will request that an EDAC meeting be held in August.
• The internal placement of amenity spaces have changed, but the number of units and unit mix are still the same.
• She requested concurrent review of the land use and building permit applications. This is not starting over. A lot of progress has been made.
• She was happy to answer questions and receive feedback.

Chair Kirk noted that there was no one in the audience.

Sewall confirmed with Ms. Landon that construction of the affordable building would move forward regardless if financing would be secured for the market-rate building. Ms. Landon stated that the effort to secure financing for the market-rate building would continue in the meantime.

Chair Kirk appreciated the project including the affordable housing units and supportive units for veterans. The density and proximity to SWLRT seem appropriate standing on its own.

In response to Chair Kirk’s question, Ms. Landon explained that the property would be subdivided because each building has to have its own legal parcel for financing. Chair Kirk would like the buildings to visually appear closer together. Affordable housing is needed in Minnetonka.

Ms. Landon stated that the buildings would have the same exteriors, look like one complex and operate as one complex. Chair Kirk suggested having the property line in the parking lot. Ms. Landon said that could be considered. She did not know if that would work from a building permit perspective.
Powers liked the idea that the applicant is willing to propose a project that would include 50 percent affordable units.

Sewall suggested that the sidewalks and landscaping be done deliberately to make the buildings feel like one apartment complex. He thought the building looked smaller. He asked for the number of units. Ms. Landon said that the number of units would be impacted by the financial structure and combination of the type of studio, one-bedroom, and two-bedroom units.

Mr. Keely explained that the previous proposal had two levels of underground parking. The opportunity is still there. The current building does have a smaller footprint than the previous proposal. The mix of units is still yet to be determined.

Sewall has no problem with the land use. It makes sense.

Luke asked what would be done with the lot after the affordable building would be constructed to make people want to live there. Ms. Landon answered that the existing building and parking lot could be demolished and replaced with green space.

Knight asked when she predicts the market-rate building would begin construction. Ms. Landon expected in the next 18 months. One positive is that now it has been confirmed that the SWLRT is going to proceed with construction. There are proposed developments for the Opus area that are very encouraging. There are potential investors who have been waiting to see how the RiZe will do. As the RiZe keeps moving forward, that will show that the area is able to support market-rate units.

Powers fully supports the proposal.

Knight asked if an area for teenagers would be available in the area, such as a basketball court or area to play catch. Gordon stated that Opus has a trail system. The closest park is Lone Lake Park.

Sewall suggested including bike storage and maintenance areas. Ms. Landon stated that there would be a bike storage facility and fix-it station available for anyone to use.

Gordon stated that the city council will review the item June 24, 2019.
City Council Agenda Item #14C  
Meeting of June 24, 2019

**Brief Description**  
Items concerning OAKLAND ESTATES, a four-lot subdivision, at 1922 Oakland Road:

1. Resolution approving the final plat; and
2. Request to mass grade the site.

**Recommendation**  
Adopt the resolution approving the final plat and deny the request to mass grade the site

**Proposal**

On March 18, 2019, the city council adopted Resolution No. 2019-031, approving the OAKLAND ESTATES preliminary plat. The existing home would remain and would continue to utilize the existing shared driveway to the north. Three new homes would be constructed to the south with access directly onto Oakland Road. As a condition of approval, no grading or tree removal would be allowed prior to the issuance of a building permit on each lot.

LakeWest Development, LLC is making the following requests: (1) approval of the OAKLAND ESTATES final plat; and (2) an amendment to Resolution No. 2019-031 to allow for grading of the site with a grading permit for the entire site in advance of building permits for each lot.

**Staff Analysis**

The following is intended to summarize the applicant's request and staff's findings:

- **Final plat.**

  As a condition of approval for the preliminary plat, the applicant was to submit additional information on the proposed stormwater facilities. The applicant has worked with staff to ensure compliance with the city’s stormwater rule. As such, the conditions required for final plat have been met, and staff finds that it is substantially consistent with the previously approved preliminary plat.

- **Site grading and tree removal.**

  The city requires a general grading plan with all subdivision applications. This plan is used to determine the site impacts and the tree removal associated with the general home footprints, driveways, utilities, and stormwater facilities. In some cases, the city allows for “mass grading” of the entire site at one time to allow for infrastructure installation – such as roads, public utilities, stormwater facilities, etc. – when such installation would impact several properties. The city also allows for mass grading when floodplain alteration is required to maintain floodplain volumes in advance of any new home construction. That said, typically, mass grading is only limited to areas within the subdivision where it cannot be avoided. All other areas of the subdivision are required to be “custom graded.” Custom grading is site-specific and based on a final grading plan that accommodates construction of a specific home design illustrated on a building
permit application. Staff finds that custom grading plans usually avoid unnecessary site disturbance and tree removal.

As such, staff does not support the applicant’s request to mass grade the site, as:

- Additional tree preservation is possible with home-specific custom grading plans;
- Even with mass grading, the site would need to be re-graded at the time of new home construction to accommodate specific home design;
- Each lot is independent. The four lots do not share access, stormwater treatment facilities or utilities; and
- While the custom grading plans must comply with the general grading plan approved with the subdivision, it is impossible to predict how and when each lot will develop. Mass grading of a site would result in visually open, undeveloped lots adjacent to Oakland Road for an unknown period of time.

**Staff Recommendation**

Staff recommends the city council:

- Adopt the resolution approving the final plat of OAKLAND ESTATES.
- Deny the applicant’s request to amend Resolution No. 2019-031 to allow site grading and tree removal in advance of building permits for each lot.

Through: Geralyn Barone, City Manager
        Julie Wischnack, AICP, Community Development Director
        Loren Gordon, AICP, City Planner

Originator: Ashley Cauley, Senior Planner
Location Map

Project: Oakland Estates
Address: 1922 Oakland Rd
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Resolution No. 2019-031

Resolution approving the preliminary plat of OAKLAND ESTATES, a 4-lot subdivision at 1922 Oakland Rd

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 LakeWest Development, LLC has requested preliminary plat approval for OAKLAND ESTATES. (Project 18041.18a).

1.02 The property is located at 1922 Oakland Rd. It is legally described as follows:

(Per Warranty Deed recorded Aug. 9, 1973 as Document No. 4034834)

All that part of the Southwest ¼ of Section 3, Township 117, Range 22, described as follows:

Commencing 790 feet East of the Southwest corner of said section for a place of beginning; thence angle left 90 degrees, distant 375 feet; thence angle right 90 degrees, distance 176.4 feet to the Westerly line of County Road No. 74; thence Southeasterly on the Westerly line of said Section distant 487.4 feet to the place of beginning. ALSO an easement for ingress and egress described as follows: Commencing at the Southwest corner of said Section 3; thence East on the South line of said Section distant 790 feet; thence angle left 90 degrees distant 375 feet for place of beginning; thence continuing North distant 20 feet; thence angle right 90 degrees distant 177 feet to the Westerly line of County Road No. 74; thence Southerly on the Westerly line of said road distant 20.04 feet; thence West and parallel with the South line of said Section distant 176.4 feet to the place of beginning.

The covenants contained herein shall be construed as of Aug. 29, 1968.

Subject to any restrictions, reservations and easements of record, if any.

1.03 On March 7, 2019, the planning commission held a hearing on the proposed plat. The applicant was provided the opportunity to present information to the
commission. The commission considered all of the comments received and the staff report, which are incorporated by reference into this resolution. The commission recommended that the city council grant preliminary plat approval.

Section 2. General Standards.

2.01 City Code §400.030 outlines general design requirements for residential subdivisions. These standards are incorporated by reference into this resolution.

Section 3. Findings.

3.01 The proposed preliminary plat meets the design requirements as outlined in City Code §400.030.


4.01 The above-described preliminary plat is hereby approved, subject to the following conditions:

1. Final plat approval is required. A final plat will not be placed on a city council agenda until a complete final plat application is received.

   a) The following must be submitted for a final plat application to be considered complete:

   1) A final plat drawing that clearly illustrates the following:

      1. A minimum 10-foot wide drainage and utility easements adjacent to the public right-of-way(s) and minimum 7-foot wide drainage and utility easements along all other lot lines.

      2. Utility easements over existing or proposed public utilities, as determined by the city engineer.

      3. Drainage and utility easements over wetlands, floodplains, and stormwater management facilities, as determined by the city engineer. The 100-year elevation is 957.1.

   2) Documents for the city attorney’s review and approval. These documents must be prepared by an attorney knowledgeable in the area of real estate.

      1. Title evidence that current within thirty days before release of the final plat.

   3) Submit a plan that illustrates an access path to the stormwater facilities.
4) Submit engineering for the stormwater facilities.

2. Prior to final plat approval:
   a) This resolution must be recorded with Hennepin County.
   b) The documents outlined in section 4.01(1)(a)(2) above must be approved by the city attorney.

3. Submit the following prior to release of the final plat for recording:
   a) Two sets of mylars for city signatures.
   b) An electronic CAD file of the plat in microstation or DXF.
   c) Park dedication fee of $15,000.

4. Subject to staff approval, OAKLAND ESTATES, must be developed and maintained in substantial conformance with the following plans, except as modified by the conditions below:
   - Site and utility plan dated Feb. 7, 2019.

   a) No grading or tree removal is allowed prior to the issuance of a building permit on each lot.
   b) If the garage is set lower than the street, water should be diverted to direct water away from the garage.
   c) Prior to the issuance of a building permit for the first home, submit the following:
      1) Evidence of filing the final plat at Hennepin County.
      2) A letter from the surveyor stating that boundary and lot stakes have been installed as required by ordinance.
      3) Proof of subdivision registration and transfer of NPDES permit.
   d) Prior to the issuance of a building permit for any home:
      1) Submit a stormwater management plans. Stormwater requirements apply to all lots, including the lot with the existing home. The final stormwater management plan must meet the of the city’s Water Resources Management Plan, Appendix A. Design. In addition, supplemental calculations, models, and documentation must be submitted detailing conformance with the city’s:
• Rate Control: maintain existing rates leaving the site for the 2-, 10-, and 100-year events.

• Volume: the storm chambers must capture 1" of the entire site's impervious surface. Soil borings are required to verify infiltration rates.

• Water Quality: materials must be submitted (MIDS or P9 model) to demonstrate that 60% of the total phosphorus and 90% of the TSS are removed.
  a. Submit soil borings, HydroCAD and P9/MIDS models as required by the city engineer.
  b. Design emergency overflows to go to rear yard.
  c. Submit any necessary easements and maintenance agreements in a city approved format for review and approval by staff.

2) Submit a tree preservation plan for each lot. This plan must:
  a. Include the grading and tree preservation for each lot.
  b. Illustrate removal of the high priority trees per each lot must be consistent with the grading plan dated Feb. 7, 2019.
  c. Illustrate that no more than 25 high priority trees can be removed from the site.
  d. Reduce grading and construction limits to minimize tree loss and protect the large evergreens on Lots 3 and 4.
  e. Stormwater facilities, sewer and water services must be located to minimize impact to any significant or high-priority trees. No trees many be removed for installation of services.

3) Regarding the service for Lot 2, the existing water main to be tapped is SDR 9 8-inch HDPE DIPS. The contractor must submit shop drawings and qualifications to install electrofused tapping saddle. A stainless steel saddle or non-fused saddle will not be allowed.
4) Submit final landscaping and tree mitigation plans must meet minimum landscaping and mitigation requirements as outlined in ordinance. However, at the sole discretion of natural resources staff, mitigation may be adjusted based on site conditions.

5) Submit evidence of closure/capping of any existing wells, septic systems, and removal of any existing fuel oil tanks.

6) Submit a construction management plan. The plan must be in a city approved format and must outlined minimum site management practices and penalties for non-compliance.

7) Submit cash escrow in an amount to be determined by city staff. This escrow must be accompanied by a document prepared by the city attorney and signed by the builder and property owner. Through this document the builder and property owner will acknowledge:

   - The property will be brought into compliance within 48 hours of notification of a violation of the construction management plan, other conditions of approval, or city code standards; and

   - If compliance is not achieved, the city will use any or all of the escrow dollars to correct any erosion and/or grading problems.

8) Install a temporary rock driveway, erosion control, tree and wetland protection fencing and any other measures identified on the SWPPP for staff inspection. These items must be maintained throughout the course of construction.

9) Submit all required hook-up fees.

10) Minimum floor elevation is 959.1.

e) Prior to issuance of the certificate of occupancy for the first home:

1) Construct or submit a financial guarantee in the amount of 125% of a bid cost or 150% of an engineer’s estimate to construct the stormwater facilities on each lot.

2) All encroachments must be removed from city property.

f) All lots within the development must meet all minimum access requirements as outlined in Minnesota State Fire Code Section 503. These access requirements include road dimension, surface, and grade standards. If access requirements are not met, houses
must be protected with a 13D automatic fire sprinkler system or an approved alternative system.

g) Permits may be required from other outside agencies including, Hennepin County, the Minnehaha Creek Watershed District, and the MPCA. It is the applicant's and/or property owner's responsibility to obtain any necessary permits.

h) During construction, the streets must be kept free of debris and sediment.

i) The property owner is responsible for replacing any required landscaping that dies.

j) The city must approve the final plat within one year of preliminary approval or receive a written application for a time extension or the preliminary approval will be void.

Adopted by the City Council of the City of Minnetonka, Minnesota, on March 18, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, Acting City Clerk

Action on this resolution:

Motion for adoption: Bergstedt
Seconded by: Schack
Voted in favor of: Ellingson, Calvert, Schack, Carter, Bergstedt, Wiersum
Voted against:
Abstained:
Absent: Happe
Resolution adopted.

I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on March 18, 2019.

Becky Koosman
Becky Koosman, Acting City Clerk
May 16, 2019

Ms. Ashley Cauley
Senior Planner
City of Minnetonka
14600 Minnetonka Blvd.
Minnetonka, MN  55345

Re:    OAKLAND ESTATES
       1922 Oakland Road
       Minnetonka, MN

Ms. Cauley,

Please accept this as a formal request to modify one of the items within the Resolution 2019-031 regarding the grading for the Oakland Estates project. The resolution suggests that lots are to be individually graded only after issuance of building permits for each lot.

Our specific request is that we would like to mass grade the site as shown on the approved Grading Plan. Our reasons for doing so include:

1. Grading lots individually will now allow the proposed drainage pattern to occur and could potentially block positive drainage away from lots and homes.
2. All Stormwater Management BMP’s (infiltration basins) can be installed at one time to insure consistency of being built by one contractor rather than individual home builder.
3. Installing tree protection fencing, completing the tree removal and grading at one time, by one contractor, will insure the most quality control and best viability for tree protection and ultimately for erosion control.
4. The site will be stabilized at the same time, insuring best erosion control practices.

We are hopeful to have this item discussed during the Final Plat review on the June 3rd, 2019 City Council Meeting.

Sincerely,

Perry Ryan
VP, Lake West Development, LLC
Resolution No. 2019-
Resolution approving the final plat of
OAKLAND ESTATES at 1922 Oakland Rd

Be it resolved by the City Council of the City of Minnetonka, Minnesota, as follows:

Section 1. Background.

1.01 LakeWest Development, LLC has requested approval of the final plat of OAKLAND ESTATES

The property to be included in the plat is located at 1922 Oakland Rd. It is legally described as follows:

(Per Warranty Deed recorded Aug. 9, 1973, as Document No. 4034834)

All that part of the Southwest ¼ of Section 3, Township 117, Range 22, described as follows:

Commencing 790 feet East of the Southwest corner of said section for a place of beginning; thence angle left 90 degrees, distant 375 feet; thence angle right 90 degrees, distance 176.4 feet to the Westerly line of County Road No. 74; thence Southeasterly on the Westerly line of said Section distant 487.4 feet to the place of beginning. Also, an easement for ingress and egress described as follows: Commencing at the Southwest corner of said Section 3; thence East on the South line of said Section distant 790 feet; thence angle left 90 degrees distant 375 feet for place of beginning; thence continuing North distant 20 feet; thence angle right 90 degrees distant 177 feet to the Westerly line of County Road No. 74; thence Southerly on the Westerly line of said road distant 20.04 feet; thence West and parallel with the South line of said Section distant 176.4 feet to the place of beginning.

1.02 On March 18, 2019, the city council approved the preliminary plat of OAKLAND ESTATES.

Section 2. Findings

2.01 The final plat meets the requirements and standards outlined in the Subdivision Ordinance, City Code §400.
2.02 The final plat is consistent with the previously approved preliminary plat.

Section 3. Council Action.

3.01 The city council approves the final plat of OAKLAND ESTATES. Approval is subject to the following conditions:

1. Compliance with the conditions outlined in preliminary plat Resolution No. 2019-031, except as modified with the following conditions.

2. Prior to release of the final plat for recording, submit the following:
   a) Two sets of mylars for city signatures.
   b) Title evidence that is current within thirty days.
   c) An electronic CAD file of the plat in microstation or DXF.
   d) Park dedication fee of $15,000.

3. Unless the city council approves a time extension, the final plat must be recorded by June 24, 2020.

Adopted by the City Council of the City of Minnetonka, Minnesota, on June 24, 2019.

Brad Wiersum, Mayor

Attest:

Becky Koosman, City Clerk

Action on this resolution:

Motion for adoption:
Seconded by:
Voted in favor of:
Voted against:
Abstained:
Absent:
Resolution adopted.
I hereby certify that the foregoing is a true and correct copy of a resolution adopted by the City Council of the City of Minnetonka, Minnesota, at a duly authorized meeting held on June 24, 2019.

Becky Koosman, City Clerk