Agenda

City of Minnetonka

Study Session

Monday, August 15, 2016

6:30 p.m.

The Minnehaha Room

1.  2017 preliminary budget review

2.  Adjournment

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.
City Council Study Session Item #1  
Meeting of August 15, 2016

**Brief Description:** 2017 preliminary budget review

**Recommended Action:** Provide direction on key issues and preliminary levy

We are pleased to propose to the city council a 2017 levy and budget consistent with our strategic goals and community values. Within that framework, the budget presented here will enable the city to “Build Paths to Connect the Community,” which articulates the council’s direction and current high priority objectives relative to the city’s more intensive capital road, trail and utility infrastructure improvement plans.

As outlined in this report, staff recommends increasing combined levies for 2017 by 3.9 percent, meaningfully below our initial estimates of five to six percent during the council’s deliberations on the capital budget. Of this total, two percent maintains the city’s current services, including accommodating all current wage and benefit requirements with some recognized market force salary pressures. Another one percent supports the adopted 2017 capital budget, and the remaining less than one percent is new funding to appropriately meet new communication, engineering and fire service demands.

With the additional levies required for the voter-approved park referendum debt associated with the last open space purchase plus that required for the Ridgedale Mall tax abatement, the total levy will increase by 4.9 percent. It’s critical to note that the latter levy is fully sustained by the enhanced property value associated by the improvements and redevelopment at Ridgedale Mall.

The city’s proposed levy increase is likely to place Minnetonka in the middle of our group of similar cities in the metro. While several of our comparable cities began to receive Local Government Aid in 2014, Minnetonka will continue to not receive this state financial support in 2017.

**OUR PUBLIC PROCESS**

The purpose of this study session is to review only key budget issues and provide direction on the 2017 preliminary tax levy and city budget, which will be set by council and certified to the county by September 30, 2016, as required by state law.¹ This is the maximum amount the city can levy for 2017.

¹ The 2014 State Legislature extended the deadline for certifying city preliminary levies to the county from September 15 to September 30. However, HRA and EDA preliminary levies must continue to be certified by September 15. Although legislation has been introduced to correct this inconsistency during the last two sessions, it has not been enacted. Therefore, both the general levy and the HRA levy for Minnetonka are scheduled for adoption by the council on September 12, 2016.
This initial budget study session focuses on the bigger picture. Guided by these initial discussions, detailed budget requests will be reviewed in November and the final budget adopted in December. At the November 21 study session, staff will have more complete information regarding revenues and expenses for the current year, along with more accurate information for predicting 2017 forecasts. The final 2017 levy may be less than the preliminary amount, but cannot be greater.

Minnetonka always encourages input on its budget from the public. In addition to the public budget hearing in early December, residents and businesses will again have an opportunity to provide feedback via the city’s website, an opportunity that is publicized in the Minnetonka Memo. Comments will be shared with council as budget options are considered, and updated information will consistently be posted in the Memo and on the city’s website.

ENSURING MINNETONKA’S POSITION OF FISCAL RESPONSIBILITY

As detailed in the city’s adopted Strategic Profile, the city of Minnetonka takes a responsible, long-term perspective with financial planning and management. Decisions are made with the future in mind to ensure the city’s ongoing ability to provide quality services at a reasonable price.

Current Spending & Financial Projections

**Revenues.** 2016 revenues are currently estimated to exceed the original budget forecast by a very modest 0.7 percent. Continued low investment interest along with public safety fine revenue below projections this year is anticipated to be offset by proceeds from permits and licenses modestly greater than budgeted. More importantly, revenues are estimated to continue to cover projected obligations from 2017 through 2021. This forecast responsibly assumes that the currently higher proceeds from development will taper off in two years and return to the city’s ten-year average.

**Spending.** Operating budgeted costs in 2016 are estimated to be on track with last year, which likely portends some funds available to be transferred from the General Fund balance for one-time costs within the city’s capital program during council deliberation next year. As we approach the council’s second detailed budget study session in November, additional information may adjust these current 2016 spending estimates.

Overall inflation continues to be low this year, 1.5 percent for the first six months in the Midwest and 1.4 percent nationally for municipal government costs. The ongoing low price of fuel is forecasted to continue into 2017.

Between now and the second council study session on the 2017 budget in November, any new data either unanticipated or not currently available will allow staff to further
analyze 2017 service cost projections and new revenues. For example, staff will have more accurate information and greater confidence in any savings to be garnered as a result of the solar garden energy contracts and can adjust the proposed budget accordingly. Per regular procedures, the CIP budget may also be amended with levy and budget adoption in December to reflect more accurate capital project cost projections and/or altered plans and priorities relative to new information.

**2017 BUDGET**

At a cost of $33.3 million and financed with multiple sources of revenue, the 2017 proposed General Fund operating budget is 4.3 percent greater than the 2016 adopted budget. The majority of these additional funds (3.3 percent) simply maintain current service levels. The remainder of the new funds (one percent) will be strategically used to:

- ensure we continue to be responsive as we improve our transportation corridors, including safe trail systems, perform necessary water and sewer reconstruction projects, and plan for the Southwest Light Rail Transit project;
- further connect the community by utilizing new technology to improve efficiencies and keep customers better informed; and
- maintain our high value and efficient suburban paid-on-call fire force in the changing employment and demographic environment.

**BUILDING PATHS TO CONNECT THE COMMUNITY**

As the city has embarked upon more intense road, trail and utility infrastructure projects, the community, especially residents and businesses directly impacted by the work, need and deserve more acute professional staff attention and current, often up-to-the-minute, information. The proposed 2017 budget includes additional staffing and technology that will make providing these services possible.

First, the 2017 proposed budget includes new funding for **one additional project engineer** and **increasing our right-of-way technician hours to full-time** from three-quarters time. Experience with recent road reconstruction projects (e.g., Libb’s Lake area, the county projects on CR 101 and Oakland Road) that include various water and sewer infrastructure replacement, storm water system enhancements and curb and gutter improvements has proven such intense work, which is especially impactful to our residents, and thus requires equally intense levels of staffing.

The new professional engineering position and full-time hours for our right-of-way technician will make it possible to maintain our high customer service standards as the city embarks on newly focused fronts, namely to create a complete and safer trail system and city infrastructure improvements brought to bear by the Southwest Light Rail Transit project. This will be ongoing, in addition to the highly impactful water and
sewer utility replacement projects and high investments in private development that impact city services such as those provided by our right-of-way technician.

Equally important for advancing connections with our community is improving the quality, frequency and method in which we communicate with residents – which is why the 2017 budget also includes funding for a new communications specialist position. Communications expectations have changed dramatically in the last 10 years. With the proliferation of smart phones, social media and the 24/7 news cycle, residents and staff expect accurate and easy-to-understand information in a timely manner, via a number of different mediums – and these expectations are only increasing as technology and society evolve.

The demographics of Minnetonka also create a unique communications challenge, as a large portion of our population relies on traditional, albeit costly, forms of communication (as evidenced by community survey results consistently showing high marks for the Minnetonka Memo), while a growing portion of the population is looking for new and different ways to receive information (as substantiated by a 50 percent growth in digital subscribers in the last two years alone).

We must recognize how these increased pressures affect our ability to meet council and staff goals – and we must adapt to better meet these expectations if we are to continue representing Minnetonka as the premiere, quality place it is. This adjustment in staff will make it possible for communications personnel to better support the work of all departments and allow the communications and marketing manager to focus on implementing initiatives outlined in the council’s strategic profile work plan.

Finally, technology has been an integral method of connecting with our residents. Last year’s switch to the new email/text notification platform has connected approximately 6,000 new unique subscribers to city communications (total subscribers now exceed 15,000). Recreation Services switched from its CLASS program to RecTrac, allowing a more streamlined approach to online registration and facility management. For 2017, proposed technology will better connect users of city services by implementing e-plan review in the building inspections division and an online e-learning software in the environmental health division, both in the community development department.

The e-plan review software is funded in 2016, with implementation and maintenance costs starting in 2017. It will help streamline the permit review process by removing the traditional method of routing a set of paper plans for comment to one individual at a time to an electronic review where multiple staff can review concurrently, individually capturing comments and required plan updates. This collaborative workflow will greatly increase efficiencies and subsequently reduce the staff time required to process this task. The more important aspect of the software is that customers may submit plans digitally through the city’s website, which is both convenient and a time saver.

The environmental health division will implement an e-learning tool for restaurant and kitchen establishments. This software will allow for greater compliance and training at
the employee level to reduce the risk of violations occurring. The software, with the ability to train in multiple languages, will allow staff to better connect with cooking establishments and focus on nuisance complaints and on further education in food establishments that have chronic violations.

Also, the legal department and police department will be implementing new software for prosecution case management and to better manage electronic forensic analysis.

MINNETONKA’S FIRE SERVICE

Changing workforce demographics and requirements of the federal Affordable Care Act (ACA) continue to challenge the city and other metro cities to adapt fire service management structures in order to maintain the very high quality and clear efficiencies wrought by our paid-on-call (POC) fire force. The plan includes focusing more of the limited hours of POC firefighters upon fighting fires, responding to emergencies, duty crew staffing and all of the many related training requirements. Permanent positions in the fire department would be responsible for all other essential services and work, such as management, planning, inspection, investigations, equipment maintenance. Concentrating the work of POC firefighters on their primary functions will assist greatly with recruitment and retention while ensuring compliance with the ACA.

Under this management plan, the 2017 budget includes one additional full-time fire technician position. The new operations and logistics technician will take on the work that up to now has been carried out by POC firefighters and several other specialized, full-time officers in order to free them to better accomplish their designated high priority assignments. The new operations and logistics technician will also respond to fires and other emergencies as do the fire department’s other seven permanent positions, but his/her primary duties will be to cover the other less specialized but mandatory workloads such as equipment and facility maintenance.

The 2017 budget also includes funding to restore the current part-time fire inspector position to full-time status, which had been full-time prior to the downsizing in 2009. The change will enable a regular schedule of inspections to be accomplished and ensure occupancies meet the requirements of the Minnesota State Fire Code and local requirements for fire and life safety. The primary emphasis for the position’s workload will be to keep businesses in business, residents in their homes and safeguarding hazards to firefighters.

The secondary responsibility of the inspector will be to gather general and detailed data used by responding personnel to determine the resources and actions necessary to mitigate anticipated emergencies at each specific facility in our community. These “pre-plans” are currently being created, but not yet completed and/or updated for every commercial occupancy. Increasing the position from half-time to full-time will enable the process of keeping the inspections and “pre-plans” updated on an ongoing basis as they should be.
Discussion Question:

- Does the council support the proposed strategies for addressing increasing service level demands in engineering, communications and fire services?

CURRENT LEVEL SERVICES

Because city government is primarily a service industry, three-quarters of the General Fund operating budget is the cost of its greatest assets, its workers. Similarly, most of the increase to maintain current level services for our community is to pay and manage our human resources. While our effective relationships with our bargaining units continue to reap both production and economic benefits for the community, the city faces market pressures to retain and recruit these high valued assets.

On top of our regular and modest structured and bargained wage increases, the public works department has begun to experience significant difficulties in recruiting necessary seasonal workers. The department normally requires around three to four dozen workers during the summer to accomplish regular road, park and natural resource maintenance that cannot otherwise be accomplished by our permanent employees or the ICWC crews. In order to ensure the needed seasonal staffing levels, the 2017 budget includes funding to raise the hourly wages of these workers. Management analysis currently shows that the wages of the city’s other seasonal workers do not require augmentation at this time.

Similarly, the city has begun to lose candidates who have been offered positions to fill key vacancies because of the structure of our health insurance premium costs for employees who require family coverage. As health care premiums are slated to decrease slightly in 2017 (in only the first year of a multi-year contract option with a new health insurance carrier), next year presents a rare window of opportunity. The budget therefore includes funding to reexamine and restructure the city’s contribution to employee health insurance as discussed last November in order to improve and hopefully correct this critical benefit issue.

As reported previously, changing demographics, retirements and generational workplace transformations have continued to increase the challenges and demands upon human resource management. The city employs 241 full-time and regular part-time personnel, 80 POC firefighters, and approximately 400 seasonal employees. The current HR function is now supported by only three individuals. As of today, staff projects that nearly 14 percent of the city’s workforce is anticipated to turn over before the end of 2017, of which 16 full-time employees are expected to retire.

To ensure complete and continuous coverage during this high turnover period, the 2017 budget includes funding: (1) to pay transitional costs for early replacement of a
retiring human resources staff position, and (2) project contract costs for the significant task of updating all city job descriptions to ensure compliance with employment laws enacted over the last ten years.

Finally, 2017 requires a second year of staggered three-year funding to finance the city’s 30-year Comprehensive Plan. As in 2016, these costs are covered by the General Fund and are temporarily part of the planning division’s operating budget. In order to accumulate the total funds necessary over time, the 2016, 2017 and 2018 allotments will be transferred to the Development Fund to be spent as needed throughout the three-year period.

**Discussion Question:**

- Does the council support the proposed costs for recruitment and retention of the city’s workforce and for maintaining current level services?

**HRA LEVY**

The city’s first levy for housing and redevelopment began in 2009. State law limits levies, and the maximum rate is 0.0185 percent of a city’s taxable market value. This equals approximately $1.55 million in Minnetonka. Beginning in 2010, the annual levy increased to $175,000 (0.00212 percent) and has remained at that dollar level to accommodate village center master planning, housing programs, marketing efforts, and more recently light rail.

The Economic Development Advisory Commission (EDAC) reviewed the HRA budget at its July 28 meeting and, on a unanimous vote, recommended adopting a preliminary HRA levy of $175,000 (no levy increase). The budget would be for housing loans ($100,000) and for the Southwest Light Rail Transit ($75,000). The light rail funds are set aside for a ten-year payback to the city’s Special Assessment Construction Fund for a portion of the city’s commitment to the project.

The additional housing loans portion of the levy supports the city’s intent to make the program self-sustaining. Approximately ten new loans can be made with the existing balance that was available on June 30, 2016. Based upon an uptick in interest in the two programs, it is anticipated that the funds will be exhausted by this fall. Interest earned (about $10,000 as of May 30) and repayment of loans ($16,000 in 2016) are rolled back into the program.

Annually, loan repayments based upon the current outstanding loans is enough for an additional two to three loans per year. In a self-sustaining analysis, if $100,000 is loaned annually, it will take approximately six more years before programs are self-sustaining. It should be noted that assuming loan paybacks increase each year, fewer levy funds
need to be provided for each of those seven years. Staff will conduct this self-sustaining analysis on an annual basis during the budget review.

Staff recommends adopting the EDAC’s recommendation.

**Discussion Question:**

- **Does the council agree that $175,000 should be certified as the HRA preliminary levy for 2017?**

**2017 PRELIMINARY LEVY**

The 2017 proposed operating and adopted capital budgets plus the HRA budget will require an overall increase in the city property tax of 4.9 percent. Of this, one percent is the required increases for the last of the city’s voter-approved bond debt issued this year and the self-funded tax abatement for Ridgedale Mall.

Of the residual 3.9 percent increase, two percent is to maintain current services and one percent is to fund the Capital Improvements Program (CIP) adopted in July. The remainder underwrites operations and staffing to meet strategic objectives in connecting the community through safe trails, adequate roads and effective communication, ensuring ongoing proficient and efficient fire services, and reaping the advantages of technology to improve city services.

<table>
<thead>
<tr>
<th>Levy (thousands)</th>
<th>2016</th>
<th>2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>City property taxes, current services</td>
<td>$34,114</td>
<td>$34,789</td>
<td>2.0%</td>
</tr>
<tr>
<td>New initiatives</td>
<td>329</td>
<td></td>
<td>0.9%</td>
</tr>
<tr>
<td>Capital program increase</td>
<td>349</td>
<td></td>
<td>1.0%</td>
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<tr>
<td><strong>Subtotal</strong></td>
<td></td>
<td></td>
<td>3.9%</td>
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<tr>
<td>Voter-approved bond debt increase</td>
<td>269</td>
<td></td>
<td>0.8%</td>
</tr>
<tr>
<td>Ridgedale tax abatement increase</td>
<td>55</td>
<td></td>
<td>0.2%</td>
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<tr>
<td><strong>Total</strong></td>
<td>$34,114</td>
<td>$35,791</td>
<td>4.9%</td>
</tr>
<tr>
<td>HRA</td>
<td>$175</td>
<td>$175</td>
<td>-</td>
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As a result, the city’s proposed 2017 tax increase of 4.9 percent is in keeping with our recent history of increases below historic averages. Included in these projections are the payoff of all but the last portion of the city’s debt service for the open space referendum bonds in 2020 as well as the rising but self-funded tax abatement levy for Ridgedale Mall.

Staff currently anticipates a larger than average levy increase in 2018, and this rise is directly associated with levy requirements of the adopted 2017-2021 CIP. As previously discussed, it currently appears there will be some funds available at the end of 2016 from a positive ending structural balance in the General Fund. Therefore, there will likely be an opportunity to smooth out this aberration with deliberation of the next capital budget this spring.

Comparisons with Other Cities. The proposed 2017 city levy increase is likely to place Minnetonka in the middle of comparable cities. The levy variable changes amongst these communities is related to a diversity of reasons including new or retiring debt, additional staffing, reductions in liquor store revenues, and capital needs. Further, three of the comparable cities listed continue to receive an allocation of LGA, which began in 2014. As has been the case for over a decade, Minnetonka does not and will not receive LGA in 2017. Equally important, unlike many of these other cities, the city does not rely upon special assessments to fund street reconstruction and maintenance.
Homeowner Impacts. New development and redevelopment in the city increased the city’s property tax base last year as reported in March by the city assessor. Overall the city’s assessed market value increased by 3.6 percent, a proportion of which was the result of actual improved real estate as opposed to market forces alone. In addition, residential property values rose at a greater rate than did commercial properties during the period, which causes a slight shift in the property tax burden from commercial to residential. Although there are some very significant real estate improvements currently in the pipe line, many of those will not impact the property tax base until after payable 2017.

Calculating the impact of changes in property taxes to homeowners in Minnesota requires a complicated mix of data and information that changes each year, some of which depends upon legislatively defined formulas, i.e. the state Fiscal Disparities program. Staff is hopeful the final piece of this information to provide projected impacts upon our property owners will be made available from the county by the evening of this first budget study session.
**Discussion Question:**

- Does the council agree that $35,709,602, plus $81,000 for the self-funded Ridgedale Mall tax abatement and $175,000 for the HRA levy (overall 4.9 percent increase) should be certified as the city’s preliminary general levy for 2017?

**Summary**

Responsible long-term financial planning has continued to position the city of Minnetonka to provide highly rated services to city residents and businesses. The 2017 preliminary city tax levy will be limited to an increase of 3.9 percent for current services, new initiatives and the CIP with another one percent for the voter-approved referendum debt and self-funded tax abatement levy. This increase is around the middle of comparable cities. It ensures our position of fiscal responsibility, preserves our standards of excellence, and encourages innovative and creative thinking.

As always, the city of Minnetonka will continue to provide the excellent services our residents and businesses have come to expect, and at a reasonable price, both in 2017 and well into the future.

Originated by:
- Geralyn Barone, City Manager
- Merrill King, Finance Director
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Our Shared Values - Excellence with Integrity
Doing the right thing, at the right time, for the right reason.

Spirit of Minnetonka
Award Winners

2016  Douglas Fetter

2015 Jacque Larson  2004 Desyl Peterson
2014 Dave Johnson   2003 Dean Elstad
2013 Steve Malecha   2002 Amy Cheney
2012 Fong Yang       2001 Sandy Surges
2011 Larry Schnack   2000 Sandy Streeter
2010 Elise Durbin    1999 Kathy Magrew
2009 Joe Wallin      1998 Mike Johnson
2008 Bob Manor       1997 Wendy Anderson
2007 Gary Lauwagie   1996 Bert Tracy
2006 Jo Colleran     1995 Ron Rankin
2005 Virg Herrmann
Our Mission

Provide the **core public services** residents and businesses rely upon in their daily lives, while striving to preserve and enhance the distinctive character that makes Minnetonka a **special place to live**.

Our Vision

Minnetonka will be the **community of choice** where people live, work, play and conduct business in a **naturally beautiful environment**.

Our dedicated employees will deliver **dependable, quality services** with a **positive, helpful attitude**.

Our Guiding Principles

- We will focus on excellent **customer service** by striving to do the right thing, at the right time, for the right reason to meet the needs of our customers.
- We will set the standard for **innovative leadership** by forging collaborative partnerships, adopting new technologies and promoting effective service delivery.
- We will foster **open and inclusive communication** to encourage community involvement, and to maintain the trust and respect of those we serve.
- We will live our **shared values** of authentic communication, contagious enthusiasm, shared success, outcome focused teamwork, adaptable learning and innovation, and healthy human relationships.
Minnetonka is a charter city with a council-manager form of government, represented by seven elected officials, including the mayor and six council members.

Administrative functions are the responsibility of City Manager Geralyn Barone who oversees the Administrative Services, Legal, Community Development, Engineering, Finance, Police, Fire, Recreation Services and Public Works departments.

Organizational Culture: The city of Minnetonka is an organization committed to excellence and integrity with a reputation as a leader and innovator in the Twin Cities. The key to success for the city is its shared values of the entire organization:

- Adaptable Learning & Innovation
- Authentic Communication
- Healthy Human Relationships
- Contagious Enthusiasm
- Outcome-Focused Teamwork
- Shared Success

Community Organizations: Minnetonka has several organizations founded on the principles of giving back to the community. Some of these community and service organizations include: Music Association of Minnetonka, Minnetonka Rotary Club, Sojourner Project, ICA Foodshelf, Resource West, Glen Lake Optimists, TwinWest Chamber of Commerce and the Minnetonka Historical Society.

Regional Leadership: Minnetonka is proud to be a regional leader in innovative and precedent-setting solutions. City staff are encouraged to be at the cutting edge of issues facing Minnetonka and the Twin Cities. City officials enjoy sharing new approaches to problems by contributing time and ideas to regional organizations such as the League of Minnesota Cities and with their respective professional organizations.

City Services

Administrative Services: Manages routine operations of the city, including communication with elected officials, human resources, information technology, public relations, elections and official city records.

Community Development: Administers inspections, environmental health, building permits, planning and zoning, licensing, housing and redevelopment.

Engineering: Oversees design, management and construction of the city’s infrastructure.

Fire Department: Performs fire suppression, rescue, fire code enforcement and public fire education. The department includes 80 paid-on-call firefighters and five full-time staff.

Finance: Provides budget preparation, capital planning, assessing, payroll, utility billing, purchasing, investments and city asset management.

Legal Department: Handles most of the city’s criminal and civil legal work.

Police Department: Engages in a community policing philosophy, focusing on building relationships with residents, schools and businesses. Includes 57 sworn officers and 19 non-sworn support members and operates a 9-1-1 system.

Public Works: Maintains the city’s infrastructure and includes natural resources and forestry, recycling, parks and trails, water and sewer utilities, streets, buildings and fleet.

Recreation Services: Offers year-round programming and operates several facilities including the Community Center, Williston Fitness Center, indoor ice arenas and a marina.

Regional Leadership: Minnetonka is proud to be a regional leader in innovative and precedent-setting solutions. City staff are encouraged to be at the cutting edge of issues facing Minnetonka and the Twin Cities. City officials enjoy sharing new approaches to problems by contributing time and ideas to regional organizations such as the League of Minnesota Cities and with their respective professional organizations.
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<tr>
<th>Major Goals</th>
<th>Key Strategies</th>
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<tr>
<td>We will be responsible stewards of the city's physical assets, human capital and financial resources</td>
<td>→ Providing good value for the dollars entrusted to us.</td>
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<td>→ Managing for the long-term to ensure the city's ongoing ability to provide quality services at a reasonable price.</td>
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<td>→ Sustaining core services and continuing infrastructure investments, while living within our means.</td>
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<td>We will protect and enhance the unique natural environment of our community</td>
<td>→ Carefully balancing growth and development with preservation efforts that protect the highly valued water and woodland resources of our community.</td>
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<td>→ Developing and implementing realistic long-term plans to mitigate threats to water quality, urban forests, and the unique natural character of Minnetonka.</td>
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<td>→ Taking an active role in promoting energy and water conservation, sustainable operations and infrastructure, recycling and environmental stewardship.</td>
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<td>We will maintain quality public safety for our residents and businesses</td>
<td>→ Implementing appropriate recommendations in the Public Safety Management and Operations Study to address the evolving police, fire and emergency service needs of our community, including an aging and more diverse population.</td>
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<td>→ Providing seamless, coordinated and integrated public safety services through common protocols and shared practices among departments and personnel.</td>
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<td>→ Leading collaborative efforts with other agencies to cost-effectively provide quality public safety services, with an emphasis on coordinated technology, equipment and programs.</td>
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<td>We will work to meet the transportation needs of our residents and businesses</td>
<td>→ Providing and preserving a quality local street system, based on a financially sustainable plan for reconstruction and ongoing maintenance.</td>
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<td>→ Collaborating with our state, regional and local partners in the timely development of shared highways and streets.</td>
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<td>→ Actively participating in regional light rail planning and development to ensure that community needs and interests are served.</td>
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<td>We will support well-planned, responsible community development</td>
<td>→ Carefully balancing individual property rights with community-wide interests, while respecting the unique character of Minnetonka’s neighborhoods.</td>
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<td>→ Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.</td>
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<td>→ Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.</td>
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<td>→ Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.</td>
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<td>We will provide excellent recreational amenities</td>
<td>→ Offering a full range of programs for people of all ages and ability levels.</td>
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<td>→ Responsibly maintaining our parks, trails and recreational facilities, while fairly balancing user fees with general community support.</td>
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<td></td>
<td>→ Renewing, expanding and maintaining a trail system to encourage outdoor recreation, and improve the connectivity and walkability of the community.</td>
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**Key Strategies**

*Providing good value for the dollars entrusted to us.*

*Managing for the long-term to ensure the city’s ongoing ability to provide quality services at a reasonable price.*

*Sustaining core services and continuing infrastructure investments, while living within our means.*

**Progress**

Staff annually reviews the community survey results, department performance measures and industry benchmarks to ensure the use of appropriate, available service delivery options and technology.

Technological connections have been expanded to improve service, satisfy customer needs and enhance citizen engagement. A new security committee is reviewing the operations and physical environment of our facilities; categories of non-public data have been inventoried and best management practices reviewed; electronic pollbooks have been purchased by Hennepin County for use in elections to assist with voter roster management. A communications plan has been implemented, with emphasis on a new subscription-based information delivery program.

City Court procedures and related ordinances have been updated; the State of MN Pay Equity report was submitted and approved; for the first time student election judges will be used in city elections. The Burwell policy was updated to better reflect event patterns at the park. An added third-party payment administrator significantly increased the proportion of utility customer payments received electronically.

Benchmark and trending data is used to analyze city services, such as road index ratings, community survey results, key budget measures and energy management savings. Council met and discussed the city’s 2017-2021 plans for capital and economic improvement investments to be adopted later this year.

**Future Actions**

Conduct an annual survey, analyze key organizational processes and enhance connections with the public by conducting a community engagement and forecasting process to update the Council’s Strategic Profile and collect research for a branding initiative as a prelude to marketing efforts. Use metrics and data to improve or enhance business practices.

Create a budget for the city that incorporates long-term planning and measures productivity, quality of work and ongoing development of the workforce. Use policy priority systems for developing budgets and establishing benchmarks for city services and infrastructure.

Provide and preserve a quality city-owned facility and utility system, based on a financially sustainable plan for reconstruction and ongoing maintenance by bonding the first phase of a multiyear program and the last issue of 2001 voter approved open space bonds. Conduct a public safety facility study and plan civic center facility improvements.

Fulfill customer expectations with effective employee service levels and essential support framework. Plan for changes in workforce structure with position readiness in addition to recruitment and retention. Implement a mobile device policy and begin implementing PCI compliance and electronic accounts payable.

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**Staff Retention Rates**

![Graph showing staff retention rates from 2012 to 2020 with percentage bars for each year.]

**Electronic Financial Transactions**

![Graph showing electronic financial transactions from 2012 to 2016 with bars for Utility E-bills, Utility E-payts, and Vendor E-checks.]

**Increasingly Mobile Workforce**

![Graph showing increasing use of mobile devices from 2013 to 2017 with bars for handhelds/mobile, laptops, and desktops.]

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*We will be responsible stewards of the city’s physical assets, human capital and financial resources.*
Key Strategies:

Carefully balancing growth and development with preservation efforts that protect the highly valued water and woodland resources of our community.

Developing and implementing realistic long-term plans to mitigate threats to water quality, urban forests, and the unique natural character of Minnetonka.

Taking an active role in promoting energy and water conservation, sustainable operations and infrastructure, recycling and environmental stewardship.

Progress

The city has identified three common sources of illicit discharge – pet waste, yard debris, and chlorides – and used various techniques to create public awareness. The pet waste reduction campaign, which featured elementary student art, collected 134 pounds of waste in a city park.

The city continues to monitor and evaluate energy use at all city-owned facilities, using the B3 (Buildings, Benchmarks and Beyond) Database supported by the MN Departments of Commerce and Administration.

The city continues to retrofit lighting to LED and to install lighting sensors at city-owned facilities, including the Community Center, Glen Lake Activity Center, and Fire Stations #1 and #2 last year.

The city has identified a variety of local and federal programs providing low interest loans, rebates, and other financial incentives in support of energy efficiency and water conservation. Staff promotes these programs in meetings with developers and residents.

The city continues to provide education on the importance of, and risks to, our natural resources. Highlights include multiple articles in every issue of the Minnetonka Memo, public service messages on the six electronic billboards in the community, and the Eco Series of Walks and Talks.

The city continues to explore sustainability initiatives. The city became a subscribing member of the Minnesota Solar*Rewards Community program and, through a grant from Hennepin County, is offering residents a year of free organics recycling.

Future Actions

Bring the LRT Green Line Extension through the city’s floodplain and wetland review and permitting process.

Provide information to Ridgedale management and potential developers in the Ridgedale Village Center on sustainable stormwater and landscaping practices.

Work toward updating the shade tree ordinance to include emerald ash borer and other threats.

Continue to work through requirements and recommendations of the city’s Municipal Separate Storm Sewer System (MS4) permit.

Work to provide information to residents on existing funding programs that support energy efficiency, water conservation and water quality.

Engage with businesses and residents — through GovDelivery, MinnetonkaMatters and other means — on environmental topics and initiatives.

Develop a work plan to become a “Step Three City” through the Green Step program.
We will maintain quality public safety for our residents and businesses

Key Strategies

Implementing appropriate recommendations in the Public Safety Management and Operations Study to address the evolving police, fire and emergency service needs of our community, including an aging and more diverse population.

Providing seamless, coordinated and integrated public safety services through common protocols and shared practices among departments and personnel.

Leading collaborative efforts with other agencies to cost-effectively provide quality public safety services, with an emphasis on coordinated technology, equipment and programs.

Progress

A Public Safety Facilities Study Request For Proposal has been processed and an architect selected to lead the process to study police and fire facility needs.

Staff has identified four target areas within the city that have private fire hydrants in residential areas without other fire suppression systems. After this initial implementation of the new hydrant policy, the program will be promoted city-wide.

Continued to participate, collaborate and identify areas of public education and regional transit planning. Police and Fire met with SWLRT Project Office staff during the 60% & 90% planning phases to discuss fire and safety related concerns.

The Tri-Tech records management system was installed in March 2016 and staff continues to work with Tri-Tech and LOGIS on functionality.

Researched and implemented various technology to improve operations. Smart phones, Field Based Reporting, E-warrants and Active 9-1-1 notification software have been introduced to enhance public safety service.

Joint police and fire training on current trends/threats, including all-hazards regional response training drills. Police and Fire participated in mass casualty active shooter drills have been held in Eden Prairie, Excelsior and Minnetonka.

Leadership team and council participated in all-hazard workshops, including preparedness education, response and coordination.

Future Actions

Complete the Public Safety Facility Study and develop recommendations for city council consideration.

Analyze impact of Ridgedale area redevelopment on police staffing assigned to the corridor.

Realign fire department apparatus and equipment based on current deployment model.

Provide training for all department directors and delegates on Emergency Operation Center technology.

Identify and review options for Crisis Intervention Training for all police officers.

Identify programming opportunities to provide to citizens regarding identity theft, fraud and forgery.
We will work to meet the transportation needs of our residents and businesses

Key Strategies

Providing and preserving a quality local street system, based on a financially sustainable plan for reconstruction and ongoing maintenance.

Collaborating with our state, regional and local partners in the timely development of shared highways and streets.

Actively participating in regional light rail planning and development to ensure that community needs and interests are served.

Trail Rating Guidelines

- Degree of Difficulty
- Cost Effectiveness
- Nature of Use
- Community Access

Progress

Collaborated with a number of groups, including the Met Council’s SWLRT Project Office, Hennepin County, other SWLRT corridor cities, and the Shady Oak Development Strategy consultant to provide feedback on LRT and station components including park & ride lots, pedestrian & bike connections, overall design criteria for the corridor, platform design, & public art.

Began second construction season on the addition of a third lane in each direction on I-494. Concept plans have been developed and approved for the Ridgehaven Lane realignment west of Plymouth Road with construction anticipated in 2017. Draft amendments to the I-394 district are complete.

Presented a history of the trail system, maintenance responsibilities and priorities, related CIP projects, and current prioritization method for the trail system. City trails team revised priority rankings and completed citywide review of trail system determining priority unscheduled and unfunded segments. Completed master planning of a Ridgedale walkshed and scheduled segments associated with the upcoming Ridgehaven Lane and Plymouth Road projects.

Participated in quarterly meetings with Metro Transit to review and evaluate current bus service, discuss future changes, market routes, and prepare for contract renegotiation.

Future Actions

Work with the SWLRT Project Office to determine the costs of the city’s locally requested capital improvement of the 17th Avenue extension.

Begin Opus area improvements outlined in the CIP. Complete identified bridge replacements and Red Circle Drive reversal. Develop associated master trail plan identifying trail changes associated with LRT, and new trails needed to serve the LRT Opus station, including identifying locations for new trail lighting.

Coordinate all the regional and local street improvements, I-494 phase II, TH 169, CR 101, and many miles of local street construction to minimize impacts to businesses and residents.

Review citywide traffic signal system to coordinate flashing yellow arrow implementation for the city.

Participate in Highway 169 technical advisory committee mobility study with project partners.

Renew, expand, and maintain trail system to encourage transportation, walkability and connectivity.
Key Strategies

Carefully balancing individual property rights with community-wide interests, while respecting the unique character of Minnetonka’s neighborhoods.

Initiating programs and policies that broaden housing choices to both meet the needs of our aging population and attract young residents.

Actively promoting the vitality of designated village centers, which integrate uses and connect people to commercial, residential, employment, and public activities.

Supporting business retention and expansion and attracting new businesses to help our private sector be economically competitive.

Progress

A plan has been established to update the Open to Business Program webpage to make the information more accessible and to broaden the program. Open to Business has assisted more than 36 individuals and provided 125 hours of advising.

A new development strategy has been created for the Shady Oak Station area and the cities of Hopkins and Minnetonka are reviewing a zoning process to be completed by the end of 2016. Redevelopment scenarios and neighborhood meetings have been conducted for the city owned Shady Oak Road property. Developer contacts for the site have been initiated.

A detailed phased capital improvement plan has been completed to effectuate the articulated vision of the Ridgedale area, including the selection of colors, landscaping and lighting.

The International Property Maintenance Code has been reviewed, as compared to the existing 1997 Uniform Housing Code.

Future Actions

Create a framework and begin implementing the many steps of the process to update the city’s 30 year Comprehensive Guide Plan.

Review the city owned property at County Road 101 and Covington Road and develop a process for redevelopment to determine housing type.

Develop an implementation plan for the Ridgedale Pedestrian Study. Review recommendations for maintenance and improved connections.

Develop a set of standards for bike, roof, rideshare, storage and area connections that future development will consider during design.

A branding initiative will be conducted and information gathered from the strategic planning process to develop marketing focus areas.

Business meet and greets – develop a multi-year plan to methodically visit businesses in the community.

Provide a report on improvements in the diversity of housing stock, including affordable housing.

Develop a use framework and promote the use of Minnetonkamatters.com.

Adopt the International Property Maintenance Code.
We will provide excellent *recreational* amenities

**Key Strategies**

*Offering a full range of programs for people of all ages and ability levels.*

*Responsibly maintaining our parks, trails and recreational facilities, while fairly balancing user fees with general community support.*

*Renewing, expanding and maintaining a trail system to encourage outdoor recreation, and improve the connectivity and walkability of the community.*

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**Progress**

Funded trail system way-finding plans in the 2017 & 2018 Capital Improvements Program and provided a recreational user perspective to the city trails committee.

Through a consortium of comparable cities, selected a new program registration, membership and facility software system (Rec-Trac) to replace the previous obsolete system. Rec-Trac offers enhanced features that improve customer service and usability.

Expanded program partnerships with Hopkins Community Education, Three Rivers Park District and the Music Association of Minnetonka.

Partnered with community organizations for park improvements (Glen Lake Mighty Mites), successful athletic field grant applications (Bennett Family Park) and community programming (Hopkins Royal Triathlon).

Completed the ice arena refrigeration, dasher board replacement and Williston Center roofing project, all on time and under budget.

Developed a partnership agreement for the recreational use of Glen Lake Elementary School with the Hopkins School District; and developed field use agreements for the four youth associations that have designated use of city athletic fields.

Successfully maintained Williston Center memberships at 8,023 in an effort to allow for adequate parking and reasonable user access to facility equipment.

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**Future Actions**

Work with Communications Division to enhance the Recreation Services department’s marketing and communications efforts.

Establish field use priorities to regulate future lighting of fields.

Complete the Big Willow Park Baseball Field Feasibility Study and apply for grants needed to enhance athletic field lighting.

Collect resident input and determine the most appropriate option for adding dedicated pickleball courts to our park system.

Convert to an in-house process for responding to the adaptive recreational needs of our participants.

Continue to maintain and renovate our recreational facilities to ensure functional, quality spaces for the local community.

Gain knowledge in the use and application of Rec-Trac to further enhance the user perspective and customer service capabilities.
Responsible Stewards: A

Residents are extremely satisfied with their quality of life in Minnetonka, with 99% rating it as excellent or good. Over a third of all those surveyed listed their friendly, safe neighborhoods, and close to one-third cited factors related to our natural setting as what they value most.

Over 40% of those surveyed stated there was nothing they disliked about living in Minnetonka. The metro average for such boosters is six percent, placing Minnetonka significantly above the mean. This year only 17% noted disliking high taxes, down slightly from 20% a year ago.

The city’s financial position remains strong with a renewed Aaa bond rating; only six percent of cities nationwide receive this top rating. For 33 years running, the city has received the Government Finance Officers Award for Excellence in Financial Reporting. The city’s tax rate is among the lowest, despite the lack of special assessments.

As noted, the community’s appetite for taxes continues to stabilize. This year, nine in ten residents again positively rated the quality and value of city services based on the property taxes paid. In 2015, more than 55% of residents favored an increase in property taxes if it were needed to maintain city services at their current level and in 2016 that number increases to 65%. Six in ten respondents would support an increase in property taxes to expand and improve sidewalks in the city. Eight in ten support the use of city funding to manage the Emerald Ash Borer on public lands and more than six in ten support to manage on private lots.

Natural Environment: A-

Overall ratings of the city’s efforts to protect the natural environment remain very positive. Nearly 96% of those with an opinion positively rated the quality of the city’s natural resources management. Nearly 92% felt the city is doing the right amount to protect the environment and nine in ten rated the overall quality of the natural environment as excellent or good.

Seven in ten are familiar with the Emerald Ash Borer and over 70% of respondents feel it is a serious threat to Minnetonka. This year, 94% say that the city is doing an excellent and good job of protecting wetlands, ponds and streams and forested areas.

Public Safety: A-

Police and fire services ratings are overwhelmingly positive, near and at 100% approval respectively. Ninety-nine percent of those calling 9-1-1 rated the way employees handled the situation positively, and ratings were similar to those calling the police and fire departments for non-emergency calls.

Ninety-one percent say there is no area in Minnetonka where they feel unsafe. Of the respondents who had a public safety concern, 32% say areas with no sidewalks and 29% say busy intersections is their cause for concern. For those who were stopped by a Minnetonka police officer for a traffic violation, 91% felt the officer acted in a professional manner.
Transportation: B+

Over 85% of residents surveyed rated the quality of pavement repair and patching as excellent or good, a rating 30% higher than the metro average. This season committed snow and ice control removal efforts resulted in close to 95% positive rating the quality of snow plowing and 98% positively rated trail maintenance.

Community Development: A-

Residents were 99% positive about the city’s quality of community planning. Nearly nine in ten feel the city is successful in balancing individual property rights with interests of the wider community, the highest positive ratings in the metro area. Almost 80% of residents would be committed to staying in Minnetonka if they chose to upgrade or downsize their house size.

Close to 83% of residents feel neighborhood nuisances such as upkeep of homes and yards are not a problem, while 17% feel they are only a minor problem. Ninety-two percent of those reporting a nuisance concern to the city were satisfied with the response they received.

Recreation: A

Thirty-four percent of survey respondents participated in city-sponsored recreation programs again this year. Notably, 97% responded positively about the quality of recreation programs and services. Almost 80% of those responding rate the park and trail system as excellent and good.

Combined ratings of the city’s vision and mission, guiding principles, and each of the six strategic goals result in an overall organizational grade of A for this year. The city’s actual “grade point average” is 3.750, slightly higher (3.697 A-) than last year.
Minnetonka City Council

Terry Schneider, Mayor
Dick Allendorf, At-large
Patty Acomb, At-large
Robert Ellingson, Ward 1
Tony Wagner, Ward 2
Brad Wiersum, Ward 3
Tim Bergstedt, Ward 4

Strategic Work Groups

Responsible Stewards – Merrill King, Geralyn Barone, Patty Latham, Jessica Nikunen, Corrine Heine, Moranda Zimmer and Perry Vetter


Public Safety – John Vance, Jeff Sebenaler, Scott Boerboom, Kevin Fox, Marv Solberg, Shelley Peterson and Brian Wagstrom

Transportation – Will Manchester, Brian Wagstrom, Darin Ellingson, Philip Olson, Jeff Sebenaler, Julie Wischnack, Alisha Gray and Jeremy Koenen


Recreation – Dave Johnson, Ann Davy, Mike Pavelka, Todd Kasowski, Steve Pieh, Sara Woeste, John Heckmann and Kelly O’Dea