

2 0 2 0 - 2 1 B U D G E T

City of Eden Prairie, Minnesota



C O N T E N T S

Budget Award 3	Long Range Financial Planning 42
City Manager Message 4	General Fund Five-Year Forecast 43
Budget in Brief 6	Tax Levy Projections 44
Short Term Budget Factors 8	Capital Expenditures 46
Organizational Chart 9	Capital Projects by Department 47
City Council and Management 10	Capital Projects by Funding Source 48
Full Time Employee Chart 11	Significant Non Recurring Capital Projects 51
Mission and Vision 12	Debt 54
Citywide Goals 14	Summary of Tax Levy by Bond Issue 55
Accomplishments 17	Long Term Debt 56
Fund Structure 20	General Fund Department Summaries 60
Fund Crosswalk 21	Administration 60
Basis of Accounting 22	Community Development 63
Financial Policies 23	Parks and Recreation 66
Budget Process 27	Police 69
Financial Schedules 30	Fire 72
Four Year Summary 30	Public Works 75
2018 Actual by Fund 31	Internal Service Fund Summary 79
2019 Budget by Fund 32	Enterprise Fund Department Summaries 83
2020 Budget by Fund 33	Utilities 83
2021 Budget by Fund 34	Liquor 86
Projected Changes in Fund Balances 35	Supplemental Information 90
Revenues 37	Glossary 95
General Fund 37	
Internal Service Funds 39	
Enterprise Funds 40	

B U D G E T A W A R D



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Eden Prairie
Minnesota**

For the Biennium Beginning

January 1, 2018

Christopher P. Morrill

Executive Director



A MESSAGE FROM THE CITY MANAGER

I am pleased to present the 2020-21 City of Eden Prairie budget adopted by the Council Dec. 3, 2019. This budget provides the resources to achieve the City's goals for Eden Prairie residents, which are part of the Eden Prairie Promise, embedded in the City's vision, mission and values, and define how City employees work together to meet resident expectations and deliver top results.

Our long-term goals include maintaining high-quality services with reasonable tax impacts, maintaining employee morale and engagement, and maintaining a strong financial position.

This budget document provides an understanding of the City budget and factors affecting finances, prepared using practices and techniques recommended by the Governmental Accounting Standards Board (GASB) and the Governmental Finance Officers Association (GFOA). The balanced budget represents a fiscally conservative approach to meeting the demands of residents, businesses and the City Council.

To maintain high-quality services and satisfied residents, the General Fund budget is increasing 3.3% in 2020 and 3.0% in 2021. While most of the 2020-21 budget is incremental growth based on the programs and services of previous years, there are several new initiatives in the upcoming two years, including a yard waste drop-off site, two additional police officers, investments in sustainability, improvements to parks and recreation programs, and the new Staring Lake Park Building.

The City prepares a 10-year Capital Improvement Plan every other year. Plans for capital spending for 2020 and 2021 are included in this document. Significant capital projects for 2020-21 include Light Rail Transit Station work, radio tower replacement, Staring Lake Amphitheatre renovation, and ongoing trail and pavement maintenance.

Debt service for the City remains stable; \$2,553,000 is budgeted for tax-supported debt service payments in 2020 and 2021, which is the same amount budgeted in 2019. In 2022, debt will be issued to finance fire engine replacements. Budget information is also provided for the Water, Wastewater, Stormwater and Liquor enterprise funds. These operations continue to be operationally and financially stable.

The City continues to make efforts to stabilize taxes through long-term strategic budgeting, systematic replacement of assets and establishing reserves that allow for budget flexibility. The City maintains its bond ratings of Aaa from Moody's Investors Service and AAA from Standard and Poor's Financial Services, which reflect a healthy economy, conservative fiscal management and manageable debt levels.

Eden Prairie continues to be a highly desirable place for residents and businesses. I would like to thank the City Staff members who prepared the 2020-21 Budget, as well as the City Council for their budget review and adoption efforts.

Respectfully Submitted,

A handwritten signature in black ink that reads "Rick Getschow". The signature is written in a cursive, flowing style.

Rick Getschow
City Manager

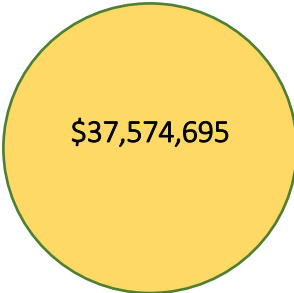


BUDGET IN BRIEF

Budget in Brief

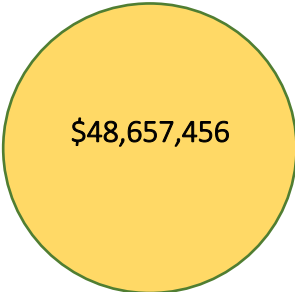
The budget in brief provides a summary of the 2020-2021 budget highlighting the major government funds and factors affecting the budget. The City created this summary to provide a clear understanding of the financial impact of services provided. Additional details about the City’s budget, operations and policies are in the sections that follow. Please contact the City of Eden Prairie with any questions at 952-949-8386.

Tax Levy



The tax levy is the amount raised by property taxes. For 2020, the tax levy is \$37,574,695. This is a 3.4% increase over 2019 and includes \$36,668,102 for operations, \$400,000 for capital improvements, \$2,553,000 for debt service and a fiscal disparity distribution of \$2,046,407. Property taxes are the largest source of revenue and the City strives to balance increases with demand for services. For 2021, the tax levy will increase an additional 3.7% to \$38,968,083. These increases are primarily driven by personnel wages and benefits.

General Fund

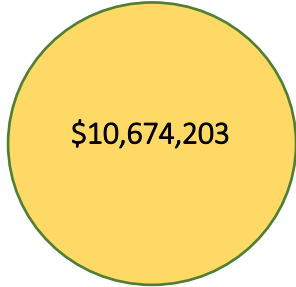


The General Fund is the chief operating fund of the City. It pays for a full range of municipal services including police, fire, street and park maintenance, recreation programs, administration, community development and building inspections. Expenditures for 2020 and 2021 are increasing 3.3% to \$48,657,456, and 3.0% to \$50,102,474. Additions to the budget are driven by wage and health benefit increases along with funds for elections, two new police officers, sustainability programming, a yard waste drop off site, increased Art Center programming and implementing the Aspire Eden Prairie 2040 comprehensive plan.

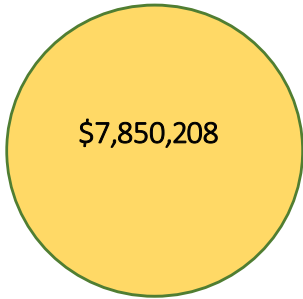
Enterprise Funds

The Water Fund accounts for the City's water operations, including water treatment, inspections, storage, meter reading, repair, installation and water distribution. Expenses for 2020 are declining 2% to \$10,674,203 due to reduced capital project spending, and increasing 2% to \$10,880,437 for 2021 in anticipation of increased costs.

Water Fund



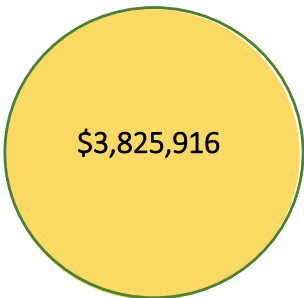
Wastewater Fund



The Wastewater Fund accounts for the City's sanitary sewer mains and lift stations. Expenses are decreasing 13% to \$7,850,208 for 2020, primarily due to reduced capital project spending and a reduced supplies budget. For 2021, the budget is increasing 3% to \$8,084,984 in anticipation of increased costs.

The Stormwater Fund accounts for maintenance of the City's stormwater ponds and waterways. Expenses are increasing 54% to \$3,825,916 for 2020 and 6% to \$4,069,518 for 2021. The budget increases include additional funds for capital projects, such as emerging stormwater issues requiring a greater need for curb drain tile and sump pump collection systems.

Stormwater Fund



Liquor Fund



The Liquor Fund accounts for the City's three municipal liquor stores. Expenses are decreasing 3% to \$10,534,763 for 2020 to bring the budget in line with amounts spent in 2019. For 2021, the budget is increasing 3%. The liquor operation transfers \$700,000 to \$800,000 annually to the Capital Improvement and Maintenance Fund to pay for various parks and recreation, and public safety projects.

Capital Project Fund

The Capital Project Fund pays for large capital outlays. Total expenditures are \$9,574,000 for 2020 and \$9,868,500 for 2021. The capital levy for 2020 and 2021 is the same as the 2019 levy of \$400,000. The levy is used to maintain the City's strong pay-as-you-go method for paying for projects.

Debt Service Fund

The City of Eden Prairie issues debt to fund certain projects. Current examples include Fire Station 4 and park improvements, including the Community Center aquatic expansion. Debt payments supported by the tax levy are projected to remain 5%-6% of the general fund budget. City policy maintains debt under 15% of the general fund budget. Total debt supported by the tax levy for 2020 and 2021 remains at \$2,553,000 for both years.

Short-Term Budget Factors

Revenue

Increase in property values — The City saw an increase in assessed valuation in 2019. The current estimated market value for taxes payable in 2020 is a market value increase to \$11.1 billion, which is a 4.4% increase over 2019. For 2020, the median value home in Eden Prairie of \$413,800 increased 3.24% in value. Commercial properties increased 1.1% and apartments are up 4.0%.

Property tax revenue — Property taxes are the single largest source of revenue. The City strives to balance increases in property taxes with the demand for services. Property taxes support 74% of the General Fund budget providing a stable source of revenue for the General Fund.

Building permits and fees — Collections vary each year based on development and permit activity. The City budgets conservatively for this line item.

Expenditures

Personnel costs — Wages and Benefits make up 62% percent of the general fund budget. The City prepares the wage budget by looking at trends within the private sector labor market and our local government peer group. Based on the compensation trends we are seeing, we are proposing a 3% wage increase in 2020 and 2021. This proposal is in line with our peer cities and the private sector. We must continue to provide similar increases as the private sector and our public sector peer cities to remain competitive.

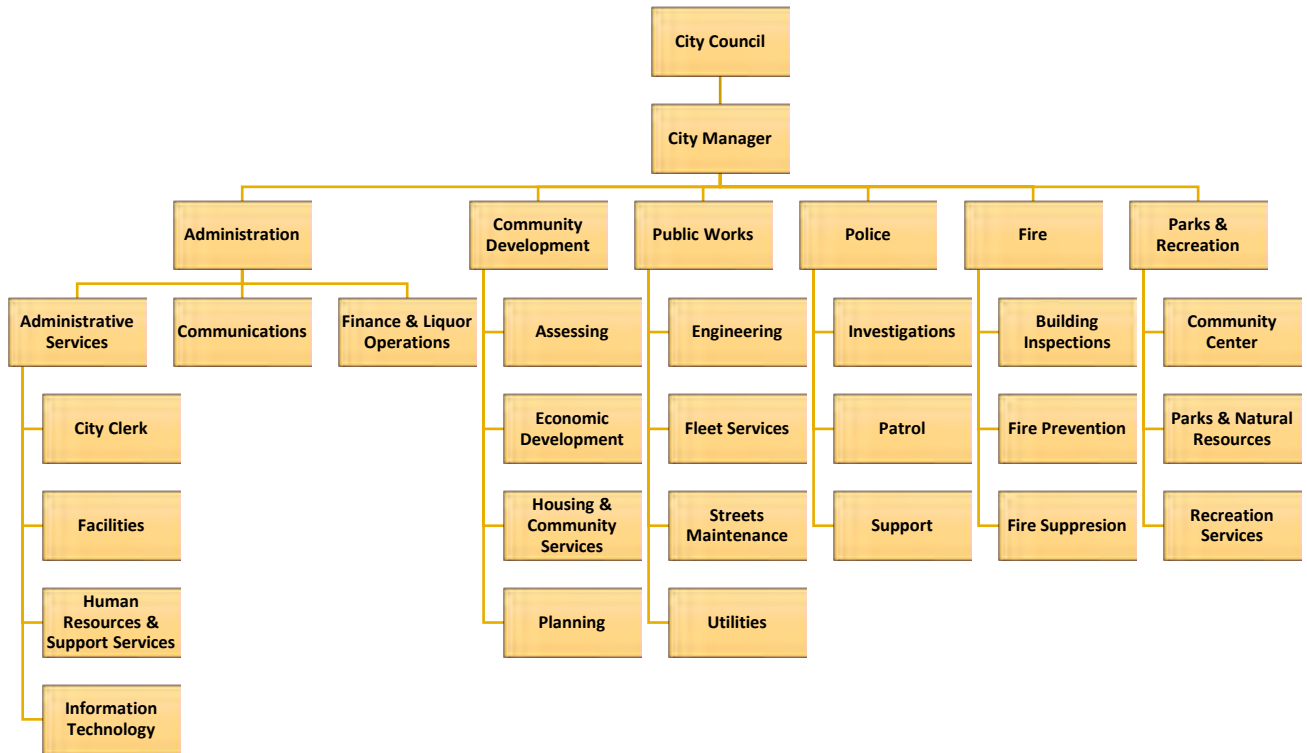
Health Insurance — The City periodically conducts a Request for Proposal (RFP) process to procure health insurance. State law requires that the City issue a RFP every five years. In 2017, the City Council approved a five-year health insurance contract with HealthPartners for 2018 to 2022. The rate cap for 2020 and 2021 is 8% but the budget is increasing 7% each year due to keeping the HSA/HRA payments to employees the same.

Fire Relief Pension — Firefighters of the City of Eden Prairie are members of the Eden Prairie Firefighter Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. Minnesota Statutes specifies minimum support rates required on an annual basis by the City. The Association completes an actuarial study every two years, which documents the required contribution from the City. For 2020, the required amount is \$677,535 annually, which is \$290,991 less than 2019. An updated actuarial will be completed for the 2021 budget. The City receives Fire Relief Pension Aid from the State of approximately \$450,000, which offsets the City's required contribution.

Elections — In 2020, the City will conduct three elections. City costs added to the budget include \$140,000, of which \$120,000 is for part-time staff, to conduct the election.

Other Priorities — Approximately \$230,000 in additional funding to support sustainability, open the new yard waste drop-off site, increase offerings at the Art Center, add two police officers and implement Aspire Eden Prairie 2040.

Organizational Chart



City Council and Management



Mayor
Ron Case



Council Member
Brad Aho



Council Member
Mark Freiberg



Council Member
PG Narayanan



Council Member
Kathy Nelson

City Management Team

City Manager

Rick Getschow

Department Directors

Alecia Rose - Administration
Janet Jeremiah - Community Development
Scott Gerber - Fire
Jay Lotthammer - Parks and Recreation
Gregory Weber - Police
Robert Ellis - Public Works

FTE Chart

Full-Time Equivalents

Department	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration				
Office of City Manager	2.0	2.0	2.0	2.0
City Clerk	1.0	1.0	2.0	2.0
Human Resources	9.8	9.8	9.8	9.8
Communications	3.5	3.5	3.5	3.5
Finance	5.5	5.5	5.5	5.5
Liquor Operations	9.0	9.0	9.0	9.0
Information Technology	6.0	6.0	6.5	6.5
Facilities	10.0	10.0	10.0	10.0
Community Development				
Administration	2.0	2.0	2.0	2.0
Assessing	7.0	7.0	7.0	7.0
Planning	4.7	4.7	4.8	4.8
Economic Development	1.0	1.0	1.0	1.0
Housing and Community Services	1.75	2.0	2.0	2.0
Parks and Recreation				
Administration	2.0	2.0	2.0	2.0
Park Maintenance	20.0	20.0	20.0	20.0
Recreation Services	7.6	7.6	7.6	7.6
Community Center	6.5	6.5	6.5	6.5
Police				
Administration	25.0	24.0	24.0	24.0
Officers	68.0	69.0	69.5	70.5
Fire				
Administration	9.0	9.0	9.0	9.0
Building Inspections	9.0	9.0	9.0	9.0
Public Works				
Engineering	7.5	7.5	7.5	7.5
Street Maintenance	14.0	15.0	15.0	15.0
Utilities	39.5	39.5	39.5	39.5
Fleet Services	5.0	5.0	5.0	5.0
Total FTEs	276.35	277.60	279.70	280.70

Total FTEs increased 1.25 for the 2019 budget with a 0.25-FTE increase in Housing and Community Services, and a 1.0-FTE increase in Streets Maintenance. For the 2020 budget, a 1.0-FTE Deputy City Clerk was added as well as a 0.5-FTE GIS Technician in Information Technology and a 0.5-FTE Police Officer. In addition, a 1.0-FTE from Police Records was converted to a 1.0-FTE Police Officer. The 2021 budget includes an additional 1.0-FTE Police Officer. The additional Police Officer FTEs are a result of increased mental health calls, training requirements and the addition of an officer to the Joint Terrorism Task Force. Other changes were made to better support services in those areas.

Mission and Vision

The Eden Prairie Promise defines how City employees work together to meet resident expectations and deliver top results. It is the City’s promise to the community to fulfill the mission and vision of Eden Prairie.



City leaders and employees are accountable for executing the City’s vision and mission for the benefit of the community. A performance measure dashboard tracks performance and progress toward the six goals that are part of the Eden Prairie Promise. This dashboard is available to the public at edenprairie.org/EdenPrairiePromise. Measures are also available in the department summary sections of this document.

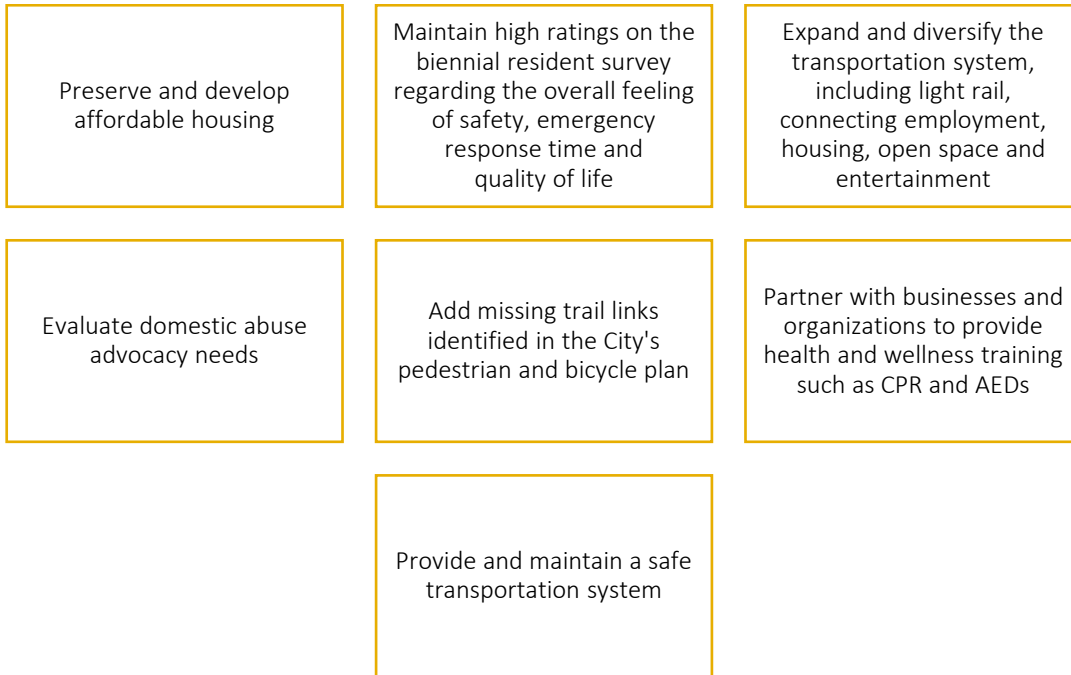
A scenic autumn park with picnic tables and trees. The image shows a large, mature tree with thick branches and dense foliage in shades of green, yellow, and orange. In the foreground, a wooden picnic table with blue metal legs sits on a grassy area covered with fallen leaves. In the background, several other picnic tables are visible, and a green lawn extends towards a line of trees. The sky is a clear, bright blue. The text "CITYWIDE GOALS" is centered in the middle of the image, with a thin horizontal line underneath it.

CITYWIDE GOALS

Citywide Goals

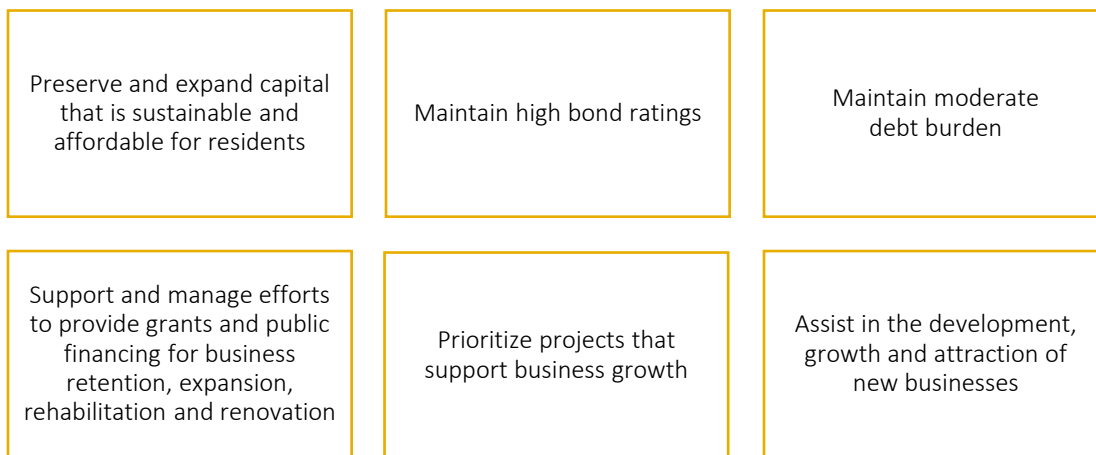
Community Well-Being and Safety

We provide unique and diverse opportunities for the community to live well. We protect and serve our community by delivering exceptional and community-engaging public safety services.



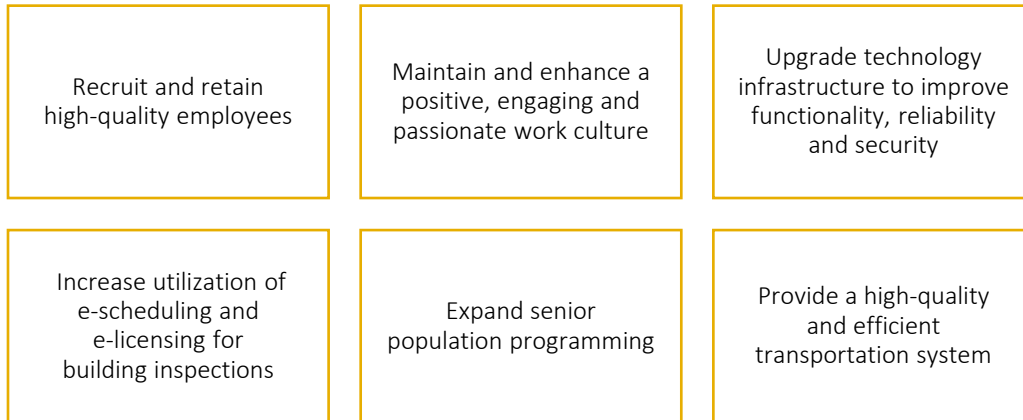
Economic Vitality

We enhance the quality of life in Eden Prairie by sustaining a diverse and prosperous economic base while supporting business growth and development.



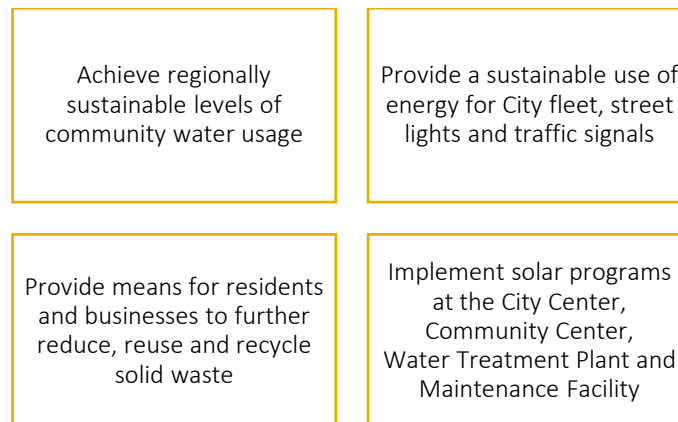
High-Quality Efficient Services

We deliver cost-effective, efficient, and responsive services to residents and the public.



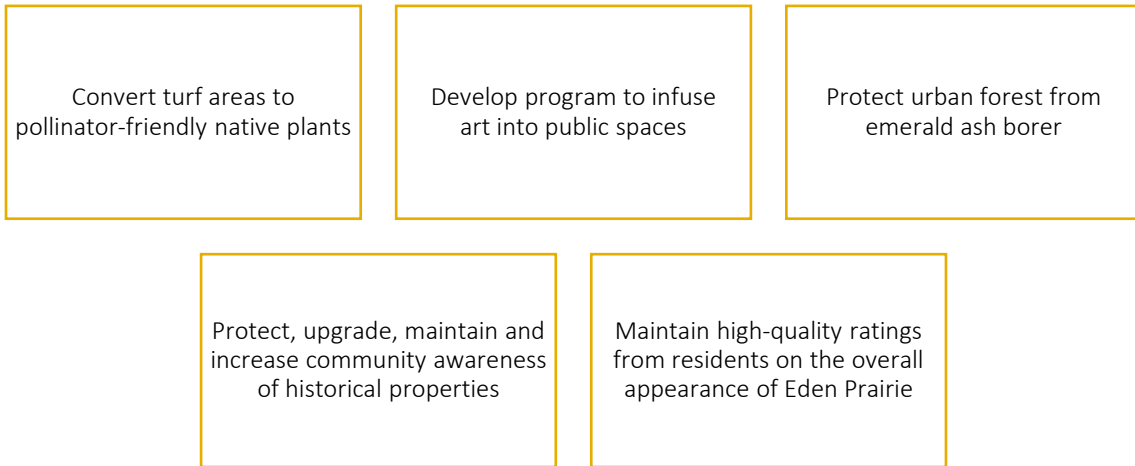
Innovative and Sustainable Practices

We implement initiatives aligned with our strategy to be forward-thinking, progressive and environmentally conscious.



Preserved and Beautiful Environment

We establish objectives and strategies that support upholding the natural beauty, physical development and history of the community.



Sense of Community

We promote a sense of community by providing recreational amenities, programming and events for the entire community.
We focus on inclusive and collaborative community engagement initiatives.



Accomplishments



Best Place to Live in America

Eden Prairie is consistently ranked among MONEY Magazine’s “Best Places to Live.” In 2010, MONEY Magazine named Eden Prairie the #1 Best Place to Live in America, and the City has now occupied the top three spots on the list. Residents continue to rate the overall quality of life exceptionally high on the biennial Quality of Life Survey. In 2018, 95% of residents rated the overall quality of life as excellent or good.

Sustainable Eden Prairie

Sustainable Eden Prairie is an ongoing effort focusing on education and implementation of sustainable practices to protect the City’s environment and natural resources. The City is leading by example and providing a foundation for residents and businesses to carry out sustainable practices in four areas – energy, landscape, waste and water.



The City partners with local energy utilities to promote conservation and provide residents with resources to help them save on energy bills and obtain rebates. Additional City-sponsored programs include water conservation and landscaping rebates, community waste drop-off events and fix-it clinics.



The City of Eden Prairie has achieved the Gold designation from the national SolSmart program for making it faster, easier and more affordable for homes and businesses to go solar. This achievement recognizes Eden Prairie for taking bold steps to encourage solar energy growth, including a City ordinance change allowing for solar energy systems development. Information on the City’s website assists residents and businesses interested in financing solar projects and navigating the solar permitting process.

Rooftop solar panels on City buildings along with off-site solar energy subscriptions will soon allow Eden Prairie’s municipal energy usage to be 100% solar-powered. Community Solar Garden construction at the Community Center is expected in the spring/summer of 2020 with commercial operation following, allowing Eden Prairie Xcel Energy customers to subscribe to solar power.

In 2019, Eden Prairie placed 10th among cities in the 30,000-99,999 population category in the Mayor’s Challenge for Water Conservation and was the only Midwest city in the top 10. Residents pledged to save 11,405,984 gallons of water.



Minnesota GreenStep Cities

GreenStep Cities

Minnesota GreenStep Cities is a continuous improvement program based on 29 best practices tailored to Minnesota cities focusing on cost savings, energy use reduction and civic innovation. Eden Prairie has received Step 5 recognition — the highest level of achievement — each year since 2017.

Star Tribune Top Workplaces

The City has been named a Top 150 Workplace by the Star Tribune every year since 2014. This ranking places the City among the best of the best in the state. The City is a pioneer in the public sector, with a progressive, high-performing organization. The motivation and drive demonstrated by employees creates a culture of pride, where they can grow and develop in their careers while enjoying life outside of work.



Parks and Recreation Awards of Excellence

The Minnesota Recreation & Park Association bestowed Awards of Excellence on the Parks and Recreation Department in 2019 for the City's Passport to Fun scholarship program and the inaugural PeopleFest! A Community Celebration of Culture event. The 2018 event was presented in collaboration by the City, Eden Prairie Chinese Association, Eden Prairie Community Foundation, Eden Prairie Schools Community Education, Hennepin County Library, Interfaith Circle and others. The event featured a weeklong series of community events including stories, performances, food, family activities and demonstrations to celebrate the unique cultures represented in Eden Prairie, and is now in its third year.

Award-Winning Communications

In 2019, the Communications Division earned top honors from the national City-County Communications and Marketing Association, winning the Savvy Award (first place) for the redesigned *Life in the Prairie* newsletter, the Silver Circle Award (second place) for the *Real Talk with Rick* podcast and the Award of Excellence (third place) for the podcast logo design. In addition, the newsletter and podcast garnered awards from the Minnesota Association of Government Communicators, and the redesigned *Life in the Prairie* newsletter was named 2018 Best in Show, the state organization's top award granted to a single entry that best demonstrates effective government communication.



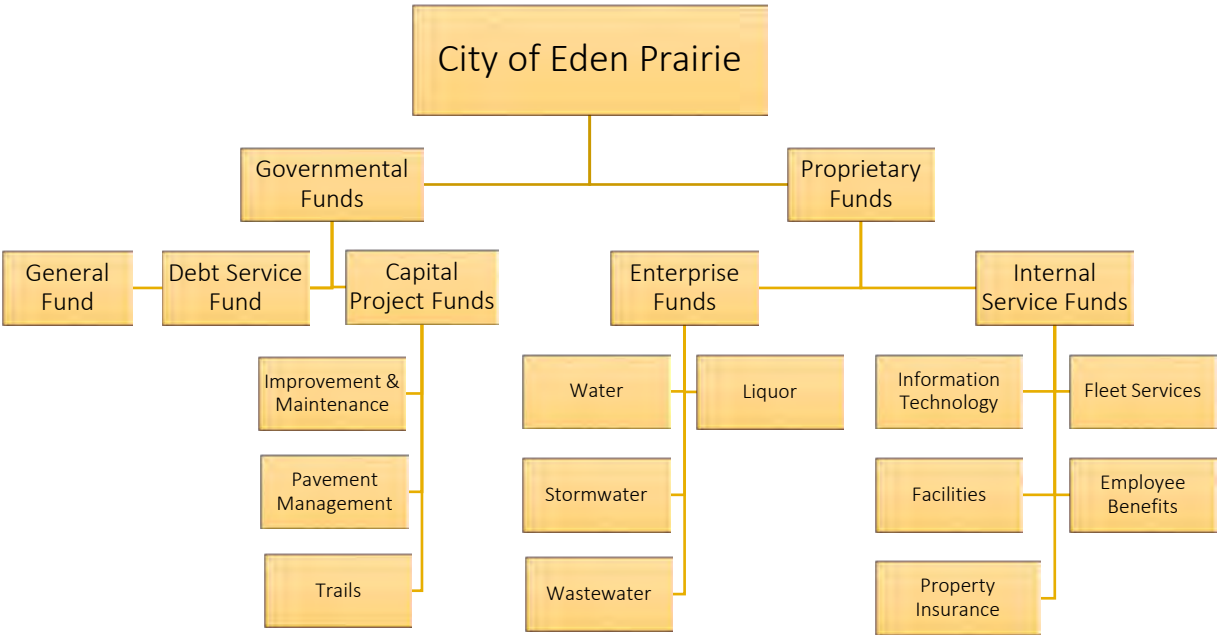
Hosted by City Manager Rick Getschow, *Real Talk with Rick* features candid interviews with guests involved with the City and City employees. *Life in the Prairie*, the City's quarterly newsletter, is mailed to all Eden Prairie households. It is a convenient source for City news and information presented in "plain language" and with a simplified, visually appealing magazine-style format. Both the podcast and newsletter, along with the City's website, email/text notifications, online engagement platform and social media, are important ways the City connects with its residents.

A photograph of a long wooden pier extending into a body of water at sunset. The sky is a mix of orange, yellow, and blue, with the sun low on the horizon. The water reflects the colors of the sky. The pier is made of dark wood and has railings on both sides. The text "FUND STRUCTURE" is overlaid in white, uppercase letters, centered on the pier. A white horizontal line is positioned below the text.

FUND STRUCTURE

Fund Structure

The financial reporting and budgeting systems of the City are organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts. Funds are the control structures that ensure public funds are spent only for purposes and amounts authorized. Funds are established to account for different types of activities and legal restrictions associated with a government function.



Fund Descriptions

Governmental Funds

Governmental Funds account for the City’s day-to-day activities. These include the General Fund, Debt Service Fund and Capital Project Fund.

General Fund — City’s primary operating fund. Includes the basic activities of the City including Administration, Community Development, Parks and Recreation, Police, Fire and Public Works. Accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

Debt Service Fund - Accounts for all financial resources that are restricted, committed or assigned to expenditures for principal and interest. Debt Service Funds with a related tax levy are budgeted.

Capital Project Funds - Account for all financial resources that are restricted, committed or assigned to expenditures for capital outlay, other than those financed by proprietary funds.

- **Capital Improvement & Maintenance Fund** – Accumulates resources from the tax levy and other sources to pay for capital projects. Generally, projects budgeted in this fund do not have other funding sources.
- **Pavement Management Fund** – Accumulates franchise fee revenue to pay for the City’s pavement management program.
- **Trails** – Accumulates resources from the Capital Improvement & Maintenance Fund to provide funding for new trails and sidewalks.

Proprietary Funds

Proprietary Funds account for the City's business like activities. These include Enterprise Funds and Internal Service Funds. Enterprise Funds account for those government activities that are self-supporting; where the cost of providing a service is recovered primarily through user charges, similar to private business enterprises. Internal Service Funds are used to account for the financing of goods or services provided by one department to another department of the government on a cost-reimbursement basis.

Enterprise Funds

- **Water Fund** – Accounts for the operations of the City owned water system.
- **Stormwater Fund** – Accounts for the operations of the City's stormwater system.
- **Wastewater Fund** – Accounts for the operations of the City's wastewater service.
- **Liquor Fund** – Accounts for the operations of the City's 3 retail liquor stores.

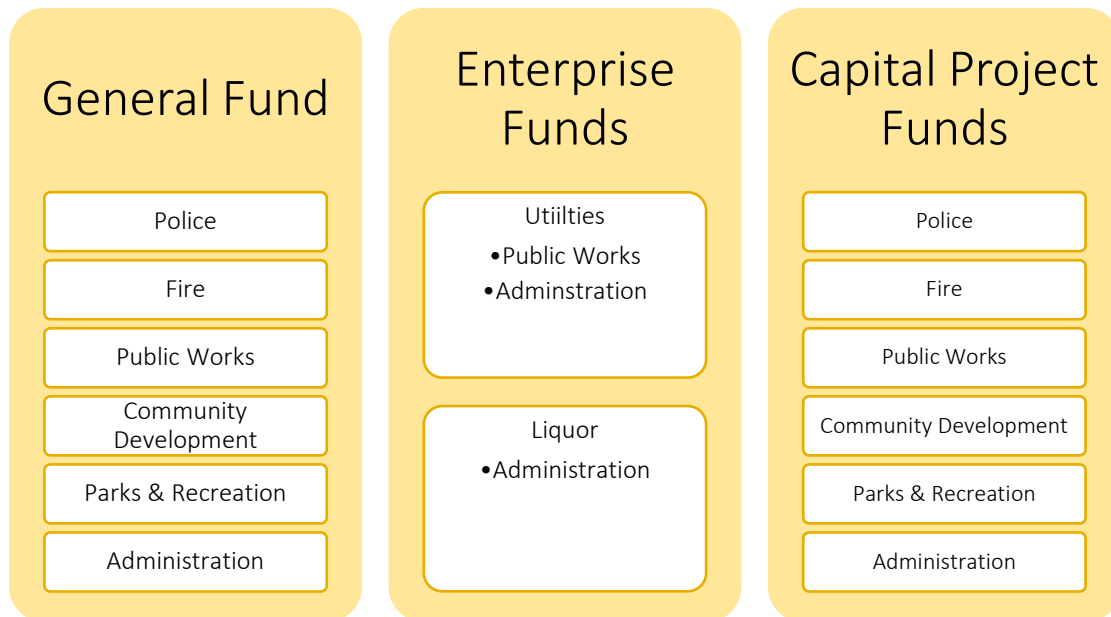
Internal Service Funds

- **Information Technology** - Accounts for the accumulation and allocation of costs associated with information technology operations.
- **Facilities** – Accounts for the accumulation and allocation of costs associated with maintaining city owned buildings.
- **Property/Workers Compensation Insurance** - Accounts for the accumulation and allocation of costs associated with property and worker's compensation insurance.
- **Fleet Services** - Accounts for the accumulation and allocation of costs associated with fleet service operations.
- **Employee Benefits** - Accounts for the accumulation and allocation of costs associated with health, dental, and other employee benefits.

The City has other funds which are not formally budgeted including Special Revenue Funds, Debt Service Funds, Capital Project Funds, Permanent Funds, and Trust and Agency Funds.

Fund Crosswalk

This chart shows the relationship between functional units and funds. For example, the Police Department may have some authorized appropriations in both the General Fund and Capital Project Fund.

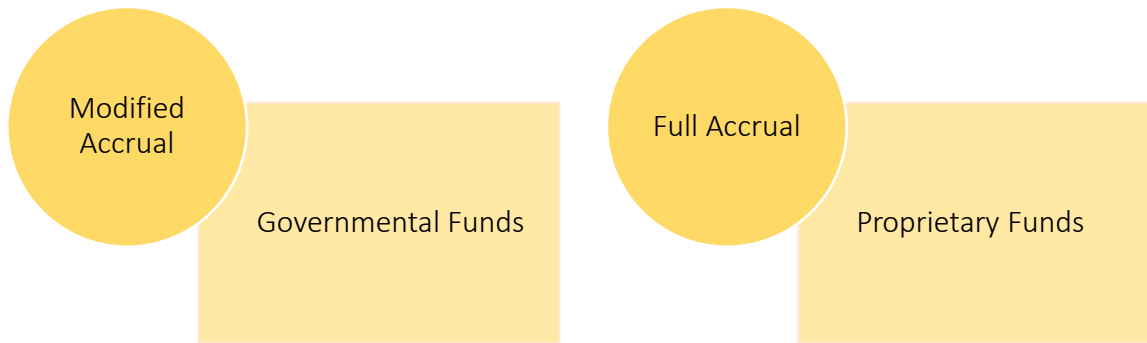


Basis of Accounting

The City is required to account for revenues and expenditures according to generally accepted accounting principles (GAAP). The budget was prepared using the following basis of accounting, which is consistent with the accounting methods used for financial reporting.

Governmental Funds are maintained on a modified accrual basis with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred. Encumbrance accounting is also employed in governmental funds. Encumbrances (purchase orders, contracts) outstanding at year-end are reported as unassigned fund balance and do not constitute expenditures or liabilities because the amount will be appropriated and honored during the subsequent year.

Proprietary Funds are maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which the liability is incurred.



Financial Policies

The City of Eden Prairie has an important responsibility to its residents to manage its resources responsibly. Adopting financial policies is an important first step to ensure that resources are managed responsibly. The policies provide the framework for the overall fiscal management of the City and guide the decision-making processes. The policies operate independently of changing circumstances and conditions.

Objectives

To protect the City Council’s policymaking ability by ensuring that important policy decisions are not constrained, impacted, or controlled by financial problems or emergencies.

To enhance the City Council’s policymaking ability by providing accurate information on the full costs of current operations, new proposals and capital requests.

To provide sound principles to guide the decisions of the City Council and City staff which have financial impacts.

To enhance the City Council’s policymaking ability by providing accurate and timely information on the City’s financial condition.

To provide, improve, and maintain essential public facilities and prevent deterioration of the City’s infrastructure and equipment in order to assist in long-term cost-effective provision of City services.

To protect and enhance the City’s credit rating and prevent default on any municipal obligations.

To ensure the legal use and protection of all City funds through a good system of financial and accounting controls.

Financial Management Policies

- A. The City will develop two-year budgets. In the second year of the two-year budget process, the previously developed budget for the following year will be fine-tuned as necessary. Each year the City will certify only the following year’s budget and levy to Hennepin County.
- B. The City will adopt a balanced budget with current revenues equal to or greater than current expenditures. It is not the City’s policy to finance ongoing operations with one-time revenues. One-time revenues will be used for one-time expenditures.
- C. The City, through its capital and operating budgets, will provide for the adequate maintenance, replacement and improvement of the City’s physical assets in order to protect the City’s capital investment and to minimize future maintenance and replacement costs.
- D. The City will maintain a budgetary control system to ensure adherence to the budget and will prepare quarterly reports (excluding March 30) comparing actual revenues and expenditures to budgeted amounts.
- E. The City will attempt at all times to maintain the Distinguished Budget Presentation Award of the Government Finance Officers Association.
- F. The City will review and update as needed the budget policies at the beginning of each two-year budget cycle.
- G. The City will provide long-term financial stability through sound short and long term financial planning.
- H. The City will estimate its annual revenues and expenditures in a conservative manner to reduce exposure to unforeseen circumstances.
- I. The City will review and update the schedule of fund balances in all operating funds of the City and determine adequacy of those balances, using specified guidelines and criteria in conjunction with budgets set annually.
- J. The City will project revenues and expenditures for the next five years and will update this projection each budget process.
- K. The City will not sell assets or use one-time revenue to balance the General Fund Budget.

Revenue Policy

- A. The City will endeavor to maintain a diversified and stable revenue system to shelter it from annual fluctuations in any one revenue source.
- B. The City will conservatively estimate and budget for its annual revenues by an objective analytical process. Fees and charges will be reviewed to ensure that reasonable rates are set and at a minimum are adjusted for inflation.
- C. The City, recognizing the potential cash flow problems associated with property tax collections, will budget 98% of the amount levied for tax revenue.
- D. The City will establish all user charges and fees for General Fund program activities at a level related to the full cost of providing the services, or as adjusted for particular program goals. Sensitivity to market rates will also be considered in setting fees.
- E. The City will set fees and user charges for the utility enterprise funds, which includes water, wastewater and stormwater, at a level that fully supports the total costs including operations, capital and debt, service payments. Replacement (or bonding for replacement) of enterprise infrastructure will be paid for from accumulated (or annual) earnings of the particular system.

Debt Policy

- A. The City will confine long-term borrowing to capital improvements and equipment, or projects with a life of more than five years and cannot be financed from current revenues.
- B. The City will endeavor to keep the total maturity length of general obligation bonds below 20 years and at least 50% of the principal shall be retired within 10 years. In all cases, the maturity shall be shorter than the life of the related assets.
- C. The total debt levy paid by general obligation taxes shall remain under 15% of the general fund budget.
- D. All debt will be issued with a fixed rate, no variable rate debt will be issued.
- E. Future debt issuance impacting the City's tax levy will be planned through the Capital Improvement Plan process.
- F. To minimize the need for debt, the City will maintain a strong pay-as-you-go program for capital purchases.
- G. Net general obligation debt (as defined above) will not exceed the statutory limit of 3% of the estimated Full Market Value of taxable property in the City as required by Minnesota Statute, Section 473.53.
- H. Where possible, the City will use revenue (including G.O. backed revenue) or other self-supporting type bonds instead of general obligation bonds.
- I. The City will not use long-term debt for current operations.
- J. The City will maintain frequent and regular communications with all bond-rating agencies about its financial condition, and will follow a policy of full disclosure in every financial report and bond prospectus. The City will comply with Securities Exchange Commission (SEC) reporting requirements.
- K. Interfund borrowing for periods of more than one year shall only be undertaken for capital expenditures. A reasonable payment schedule for repayment of the borrowed amounts will be established and interest will be charged.

Accounting, Auditing and Financial Reporting Policies

- A. The City will establish and maintain the highest standard of accounting practices, in conformity with Generally Accepted Accounting Principles (GAAP) and with recommended best practices as promulgated by the Government Finance Officers Association (GFOA).
- B. The City shall prepare Quarterly Financial Reports (except for the first quarter) and a Comprehensive Annual Financial Report (CAFR) for the purposes of providing finances to interested parties and the public at large.
- C. The City will contract with an independent audit firm to perform an annual audit of the financial statement of the City.
- D. The City will attempt at all times to maintain the Certificate of Excellence in Financial Reporting of the Government Finance Officers Association.

Capital Improvement Policies

- A. The City will develop a 10-year Capital Improvement Plan for all projects over \$25,000 and will update the plan every two years.
- B. The City will identify the estimated cost and potential funding sources for each project and determine the most effective financing method for the proposed project.
- C. Liquor profits are a dedicated funding source of the Capital Improvement Plan.

Fund Balance Policy – General Fund

By approval of this policy, the City Council authorizes the Finance Manager and/or City Manager to assign fund balance that reflects the City's intended use of those 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 needed. When unrestricted resources are available for use, it is the City's policy to use resources in the following order; 1) committed 2) assigned 3) unassigned. These fund balance classifications apply only to Governmental Funds, not Enterprise or Internal Service Funds. The unassigned fund balance will be in the following three categories.

Unassigned Fund Balance – Working Capital Policy

The City's unassigned fund balance – working capital as of the end of the year should equal to 50% of the next year's budgeted tax revenue. Any amount in excess of 50% will be used for budget stabilization. If the balance falls below 50%, a plan will be developed and implemented to replenish the funds. A balance equal to 50% of the next year's budgeted tax revenue is needed to fund the following year's operations until the tax settlement is received at the end of June.

Unassigned Fund Balance – Emergency/Maintain Bond Rating

In recognition that the amount for working capital only covers operating costs for the first six months of the year, the City wants to maintain additional resources on hand to provide for contingencies. Therefore, at the end of each year, the City will maintain an amount for emergencies and maintenance of the Aaa bond rating of 10% of the next year's budget. The intent is not to use this balance except in extreme emergencies. If for any reason the balance falls below 10%, a plan would be developed and implemented to replenish the fund.

Unassigned Fund Balance – Budget Balancing

In recognition that the City's budget is volatile, the City wants to maintain a balance to help manage the fluctuations in the budget. Therefore, at the end of each year, the City will maintain an amount for budget balancing. This amount will vary as positive financial results increase the amount and negative financial results and one-time uses decrease the amount. At all times, the City will implement a balanced budget. Generally, the balance will be maintained at 5% to 7% of the next year's budget.

After the end of each calendar year as part of the annual financial reporting, the City Manager will update the City Council on the status of the budget-balancing amount. The update will include the current balances and the changes from the previous year. The City Manager will inform the City Council of any one-time uses throughout the year that were not planned for during the budget process.

Use of Budget Balancing Amount

Some examples of when and how the balance would be used include the following:

- When the balance is greater than 5%, the City Manager may recommend that amounts be used for one-time purchases in the next year's operating budget. These will help to level expenditures from year to year.
- When workload demand increases significantly, the City Manager may recommend the use of the balance for short-term support. For example, temporary staffing to assist with the light rail transit projects. Many times, there will be an increase in revenue due to this activity but the need for support and the timing of the revenue may differ.
- When other one-time operating needs become apparent after the budget is adopted, the City Manager may recommend the use of the balance.
- When financial results are negative, the balance would be used.

If for any reason the balance falls below 5% and staff believes this will not self-correct, a plan would be developed and implemented to replenish the fund.

Fund Balance Policy (Unrestricted Net Assets) – Internal Service Funds

The City maintains internal service funds as a tool to purchase goods and services centrally and then charge the costs back to the departments that use the service. This provides more accurate information about the cost to provide City services. The City maintains the following internal service funds:

- Information Technology
- Facilities
- Property/Workers' Compensation
- Fleet Services
- Employee Benefits

Internal service funds will maintain unrestricted net assets of 15% to 20% of the annual budget. Funds with a capital component, facilities, fleet, and information technology will also maintain one year of the capital budget. This will provide for adequate cash flow for operations and provide flexibility to meet the City's capital needs.

Fund Balance Policy (Unrestricted Net Assets) – Enterprise Funds

The City of Eden Prairie maintains enterprise funds for the following activities:

- Water
- Stormwater
- Wastewater
- Liquor

Water, Wastewater, Stormwater

The City of Eden Prairie periodically works with a consultant on a utility rate study for financial planning purposes to ensure that revenue collected will provide for operating and capital costs for the systems. The most recent study was completed in 2017. The study included an analysis of the cost of service, capital improvement planning, utility rate design, and revenue adequacy evaluation and proposed rate adjustments. The study also provided a recommended policy for the amounts to maintain in unrestricted net assets. The City's policy agrees with this recommendation. The unrestricted net asset policy is as follows:

- An amount equal to 90 days of operating expense
- An amount equal to the following year's debt service principal and interest
- A capital reserve of two years' capital expense

The expectation is that these reserves will provide for the long term funding needs of the utility operations.

Liquor

Generally, all liquor store profit from operations is transferred to the capital improvement and maintenance funds. Exceptions may include maintaining profit for planned improvements.

Other Policies

The City has other policies as it relates to the budget and finances of the City, which are not included in this document. These policies include:

- Post Issuance Compliance Policy for Tax Exempt and Tax Advantaged Obligations
- Business Subsidy
- Community Development Block Grant Funds (CDBG)
- Human Service Funding
- Tax Increment Financing
- Investments
- Capital Asset
- Credit Card
- Purchasing

Budget Process

The budget is the vehicle through which the City establishes the appropriations of the City and reflects the allocation of limited revenue among competing uses. The allocation is accomplished through a comprehensive budget process. The City Council approves a budget resolution, which authorizes spending based on estimates of the financial resources required to support these expenditures.

2020/2021 Budget Timeline



Budget Monitoring and Amendments

The budget is prepared by each Department and Division. The Department Directors and Division Managers may make transfers of appropriations within a division. Transfers of appropriations between divisions require the approval of the City Manager. Any changes in the total budget of each fund requires approval by a majority vote of the City Council.

Capital Budget Process

The City plans for capital maintenance and improvements by preparing a 10-year Capital Improvement Plan (CIP). The CIP represents a framework for planning the preservation and expansion of capital including equipment, facilities and infrastructure. It sets forth the estimated schedule, timing, and details of specific improvements by year, together with the estimated cost, the need for the improvement, and sources of revenue to pay for the improvement. The plan is updated every other year during the second year of the two-year operating budget preparation. The plan authorizes the expenditures for the first two years of the 10-year planning period.

The City Council considers the following when preparing the CIP for each project and for the overall plan:

- the condition of the City's infrastructure including the projected need for repair or replacement
- the likely demand for the improvement
- the estimated cost of the improvement
- the available public resources
- the level of overlapping debt in the City
- the relative benefits and costs of alternative uses of the funds
- operating cost of the proposed improvement
- alternatives for providing services most efficiently through shared facilities with other cities or local government units

Each department documents and prioritizes their requested projects. The cost estimates for each request include capital and operating budget costs that would result from the project.

Finance then analyzes the requested projects and compares the requests to funds available. A CIP committee consisting of the department heads meets to make a final recommendation to the City Manager of the proposed CIP projects. The City Manager makes the final recommendation to the City Council on which projects to include and fund in the CIP.



FINANCIAL SCHEDULES

Financial Schedules

Four-Year Summary

	2018 Actual	2019 Budget	2020 Budget	% Change	2021 Budget	% Change
Revenues By Source						
Taxes	\$ 37,112,408	\$ 37,589,210	\$ 38,904,740	3.5%	\$ 40,270,260	3.5%
Assessments	105,003	-	-	-	-	-
Licenses and Permits	7,833,078	7,001,034	7,054,780	0.8%	7,055,780	0.0%
Intergovernmental Revenue	1,947,795	1,861,182	1,849,222	(0.6%)	1,849,222	0.0%
Charges for Services	54,118,490	56,077,040	57,427,379	2.4%	59,668,564	3.9%
Fines and Penalties	410,903	417,000	417,000	0.0%	417,000	0.0%
Investment Earnings	1,038,319	251,050	240,000	(4.4%)	190,000	(20.8%)
Other Revenue	1,251,803	1,360,696	1,246,778	(8.4%)	1,226,078	(1.7%)
Other Financing Sources	2,089,245	1,342,502	1,318,638	(1.8%)	1,355,397	2.8%
Total	\$ 105,907,044	\$ 105,899,714	\$ 108,458,537	2.4%	\$ 112,032,301	3.3%

Expenditures (Expenses) by Department

Administration	\$ 4,467,514	\$ 4,430,402	\$ 4,734,458	6.9%	\$ 4,707,669	(0.6%)
Community Development	2,320,363	2,485,582	2,450,407	(1.4%)	2,538,978	3.6%
Parks and Recreation	12,158,792	12,365,693	13,020,985	5.3%	13,382,734	2.8%
Police	14,517,004	15,216,401	15,729,265	3.4%	16,385,600	4.2%
Fire	6,058,619	6,322,236	6,287,805	(0.5%)	6,518,248	3.7%
Public Works	5,872,135	6,070,640	6,353,770	4.7%	6,488,479	2.1%
Capital Outlay	6,090,012	11,278,164	8,492,000	(24.7%)	8,205,500	(3.4%)
Utilities	18,536,259	19,881,526	20,283,261	2.0%	20,841,494	2.8%
Internal Service	18,283,552	18,218,554	18,931,471	3.9%	19,791,205	4.5%
Liquor Operations	9,860,604	10,899,777	10,534,763	(3.3%)	10,868,419	3.2%
Debt Service	2,689,879	2,693,511	2,672,364	(0.8%)	2,637,484	(1.3%)
Other	2,105,745	1,335,332	1,181,468	(11.5%)	1,218,227	3.1%
Total	\$ 102,960,478	\$ 111,197,818	\$ 110,672,017	(0.5%)	\$ 113,584,037	2.6%

Expenditures (Expenses) by Object

Personnel Services	\$ 41,899,724	\$ 43,187,066	\$ 44,601,563	3.3%	\$ 46,323,245	3.9%
Supplies	3,928,086	4,495,748	4,483,998	(0.3%)	4,576,217	2.1%
Contractual Services	20,020,258	20,436,741	20,975,578	2.6%	21,670,823	3.3%
User Charges	10,803,084	11,106,100	11,593,974	4.4%	11,985,021	3.4%
Capital Under \$25,000	742,756	1,180,622	1,219,834	3.3%	1,172,734	(3.9%)
Capital Outlay	6,090,012	11,278,164	8,492,000	(24.7%)	8,205,500	(3.4%)
Depreciation	6,962,303	6,785,187	7,182,918	5.9%	7,235,123	0.7%
Cost of Goods Sold	7,718,631	8,699,347	8,268,320	(5.0%)	8,559,663	3.5%
Debt Service	2,689,879	2,693,511	2,672,364	(0.8%)	2,637,484	(1.3%)
Other	2,105,745	1,335,332	1,181,468	(11.5%)	1,218,227	3.1%
Total	\$ 102,960,478	\$ 111,197,818	\$ 110,672,017	(0.5%)	\$ 113,584,037	2.6%

2018 Actual by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2018	Internal Service Funds
Revenues By Source						
Taxes	\$ 34,258,721	\$ 2,553,000	\$ 300,687	\$ -	\$ 37,112,408	\$ -
Assessments	-	-	23,480	81,523	105,003	-
Licenses and Permits	4,892,559	-	2,940,519	-	7,833,078	-
Intergovernmental Revenue	1,439,023	-	500,000	8,772	1,947,795	-
Charges for Services	5,976,951	-	-	29,984,575	35,961,526	18,156,964
Fines and Penalties	410,903	-	-	-	410,903	-
Investment Income	307,748	-	197,267	361,288	866,303	172,016
Other Revenue	245,245	-	465,939	72,392	783,576	468,227
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	399,723	-	1,635,343	-	2,035,066	54,179
Total	\$ 47,930,873	\$ 2,553,000	\$ 6,063,235	\$ 30,508,550	\$ 87,055,658	\$ 18,851,386
Beginning Fund Balances	\$ 22,622,197	\$ -	\$ 10,949,901	\$ 137,699,466	\$ 171,271,564	\$ 9,764,372
Expenditures (Expenses) by Department						
Administration	\$ 4,467,514	\$ -	\$ -	\$ -	\$ 4,467,514	\$ -
Community Development	2,320,363	-	-	-	2,320,363	-
Parks and Recreation	12,158,792	-	-	-	12,158,792	-
Police	14,517,004	-	-	-	14,517,004	-
Fire	6,058,619	-	-	-	6,058,619	-
Public Works	5,872,135	-	-	-	5,872,135	-
Capital Outlay	-	-	4,480,008	1,610,004	6,090,012	-
Utilities	-	-	-	18,536,259	18,536,259	-
Internal Service	-	-	-	-	-	18,283,552
Liquor Operations	-	-	-	9,860,604	9,860,604	-
Debt Service	60,766	2,553,000	-	76,113	2,689,879	-
Other	555,343	-	300,000	1,250,402	2,105,745	-
Total	\$ 46,010,536	\$ 2,553,000	\$ 4,780,008	\$ 31,333,382	\$ 84,676,926	\$ 18,283,552
Ending Fund Balances	\$ 24,542,534	\$ -	\$ 12,233,128	\$ 136,874,634	\$ 173,650,296	\$ 10,332,206
Expenditures (Expenses) by Object						
Personnel Services	\$ 28,296,292	\$ -	\$ -	\$ 4,995,171	\$ 33,291,463	\$ 8,608,261
Supplies	1,573,573	-	-	1,203,396	2,776,969	1,151,117
Contractual Services	5,129,882	-	-	7,877,567	13,007,449	7,012,809
User Charges	10,021,710	-	-	781,374	10,803,084	-
Capital Under \$25,000	372,970	-	-	48,071	421,041	321,715
Capital Outlay	-	-	4,480,008	1,610,004	6,090,012	-
Depreciation	-	-	-	5,772,653	5,772,653	1,189,650
Cost of Goods Sold	-	-	-	7,718,631	7,718,631	-
Debt Service	60,766	2,553,000	-	76,113	2,689,879	-
Other	555,343	-	300,000	1,250,402	2,105,745	-
Total	\$ 46,010,536	\$ 2,553,000	\$ 4,780,008	\$ 31,333,382	\$ 84,676,926	\$ 18,283,552

2019 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2019	Internal Service Funds
Revenues By Source						
Taxes	\$ 34,644,210	\$ 2,553,000	\$ 392,000	\$ -	\$ 37,589,210	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	3,801,034	-	3,200,000	-	7,001,034	-
Intergovernmental Revenue	1,311,182	-	500,000	50,000	1,861,182	-
Charges for Services	6,238,695	-	-	31,096,104	37,334,799	18,742,241
Fines and penalties	417,000	-	-	-	417,000	-
Investment Earnings	120,000	-	-	94,650	214,650	36,400
Other Revenue	165,000	-	1,048,996	15,700	1,229,696	131,000
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	404,599	-	882,170	-	1,286,769	55,733
Total	\$ 47,101,720	\$ 2,553,000	\$ 6,023,166	\$ 31,256,454	\$ 86,934,340	\$ 18,965,374
Beginning Fund Balances	\$ 24,542,534	\$ -	\$ 12,233,128	\$ 136,874,634	\$ 173,650,296	\$ 10,332,206
Expenditures (Expenses) by Department						
Administration	\$ 4,430,402	\$ -	\$ -	\$ -	\$ 4,430,402	\$ -
Community Development	2,485,582	-	-	-	2,485,582	-
Parks and Recreation	12,365,693	-	-	-	12,365,693	-
Police	15,216,401	-	-	-	15,216,401	-
Fire	6,322,236	-	-	-	6,322,236	-
Public Works	6,070,640	-	-	-	6,070,640	-
Capital Outlay	-	-	9,256,000	2,022,164	11,278,164	-
Utilities	-	-	-	19,881,526	19,881,526	-
Internal Service	-	-	-	-	-	18,218,554
Liquor Operations	-	-	-	10,899,777	10,899,777	-
Debt Service	60,766	2,553,000	-	79,745	2,693,511	-
Other	150,000	-	-	1,185,332	1,335,332	-
Total	\$ 47,101,720	\$ 2,553,000	\$ 9,256,000	\$ 34,068,544	\$ 92,979,264	\$ 18,218,554
Ending Fund Balances	\$ 24,542,534	\$ -	\$ 9,000,294	\$ 134,062,544	\$ 167,605,372	\$ 11,079,026
Expenditures (Expenses) by Object						
Personnel Services	\$ 29,156,214	\$ -	\$ -	\$ 5,496,779	\$ 34,652,993	\$ 8,534,073
Supplies	1,647,568	-	-	1,415,188	3,062,756	1,432,992
Contractual Services	5,411,459	-	-	8,313,514	13,724,973	6,711,768
User Charges	10,286,231	-	-	819,869	11,106,100	-
Capital Under \$25,000	389,482	-	-	423,837	813,319	367,303
Capital Outlay	-	-	9,256,000	2,022,164	11,278,164	-
Depreciation	-	-	-	5,612,769	5,612,769	1,172,418
Cost of Goods Sold	-	-	-	8,699,347	8,699,347	-
Debt Service	60,766	2,553,000	-	79,745	2,693,511	-
Other	150,000	-	-	1,185,332	1,335,332	-
Total	\$ 47,101,720	\$ 2,553,000	\$ 9,256,000	\$ 34,068,544	\$ 92,979,264	\$ 18,218,554

2020 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2020	Internal Service Funds
Revenues By Source						
Taxes	\$ 35,959,740	\$ 2,553,000	\$ 392,000	\$ -	\$ 38,904,740	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	3,854,780	-	3,200,000	-	7,054,780	-
Intergovernmental Revenue	1,299,222	-	550,000	-	1,849,222	-
Charges for Services	6,331,556	-	-	31,619,010	37,950,566	19,476,813
Fines and penalties	417,000	-	-	-	417,000	-
Investment Earnings	200,000	-	-	40,000	240,000	-
Other Revenue	183,690	-	1,018,996	5,592	1,208,278	38,500
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	411,468	-	907,170	-	1,318,638	-
Total	\$ 48,657,456	\$ 2,553,000	\$ 6,068,166	\$ 31,664,602	\$ 88,943,224	\$ 19,515,313
Beginning Fund Balances	\$ 24,542,534	\$ -	\$ 9,000,294	\$ 134,062,544	\$ 167,605,372	\$ 11,079,026
Expenditures (Expenses) by Department						
Administration	\$ 4,734,458	\$ -	\$ -	\$ -	\$ 4,734,458	\$ -
Community Development	2,450,407	-	-	-	2,450,407	-
Parks and Recreation	13,020,985	-	-	-	13,020,985	-
Police	15,729,265	-	-	-	15,729,265	-
Fire	6,287,805	-	-	-	6,287,805	-
Public Works	6,353,770	-	-	-	6,353,770	-
Capital Outlay	-	-	6,895,000	1,597,000	8,492,000	-
Utilities	-	-	-	20,283,261	20,283,261	-
Internal Service	-	-	-	-	-	18,931,471
Liquor Operations	-	-	-	10,534,763	10,534,763	-
Debt Service	60,766	2,553,000	-	58,598	2,672,364	-
Other	20,000	-	-	1,161,468	1,181,468	-
Total	\$ 48,657,456	\$ 2,553,000	\$ 6,895,000	\$ 33,635,090	\$ 91,740,546	\$ 18,931,471
Ending Fund Balances	\$ 24,542,534	\$ -	\$ 8,173,460	\$ 132,092,056	\$ 164,808,050	\$ 11,662,868
Expenditures (Expenses) by Object						
Personnel Services	\$ 30,125,310	\$ -	\$ -	\$ 5,723,720	\$ 35,849,030	\$ 8,752,533
Supplies	1,736,180	-	-	1,285,318	3,021,498	1,462,500
Contractual Services	5,636,272	-	-	8,271,614	13,907,886	7,067,692
User Charges	10,710,228	-	-	866,326	11,576,554	17,420
Capital Under \$25,000	368,700	-	-	492,034	860,734	359,100
Capital Outlay	-	-	6,895,000	1,597,000	8,492,000	-
Depreciation	-	-	-	5,910,692	5,910,692	1,272,226
Cost of Goods Sold	-	-	-	8,268,320	8,268,320	-
Debt Service	60,766	2,553,000	-	58,598	2,672,364	-
Other	20,000	-	-	1,161,468	1,181,468	-
Total	\$ 48,657,456	\$ 2,553,000	\$ 6,895,000	\$ 33,635,090	\$ 91,740,546	\$ 18,931,471

2021 Budget by Fund

	General Fund	Debt Service Funds	Capital Project Funds	Enterprise Funds	Total 2021	Internal Service Funds
Revenues By Source						
Taxes	\$ 37,325,260	\$ 2,553,000	\$ 392,000	\$ -	\$ 40,270,260	\$ -
Assessments	-	-	-	-	-	-
Licenses and Permits	3,855,780	-	3,200,000	-	7,055,780	-
Intergovernmental Revenue	1,299,222	-	550,000	-	1,849,222	-
Charges for Services	6,468,995	-	-	32,906,397	39,375,392	20,293,172
Fines and penalties	417,000	-	-	-	417,000	-
Investment Earnings	150,000	-	-	40,000	190,000	-
Other Revenue	162,990	-	1,018,996	5,592	1,187,578	38,500
Bond Proceeds	-	-	-	-	-	-
Other Financing Sources	423,227	-	932,170	-	1,355,397	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 6,093,166	\$ 32,951,989	\$ 91,700,629	\$ 20,331,672
Beginning Fund Balances	\$ 24,542,534	\$ -	\$ 8,173,460	\$ 132,092,056	\$ 164,808,050	\$ 11,662,868
Expenditures (Expenses) by Department						
Administration	\$ 4,707,669	\$ -	\$ -	\$ -	\$ 4,707,669	\$ -
Community Development	2,538,978	-	-	-	2,538,978	-
Parks and Recreation	13,382,734	-	-	-	13,382,734	-
Police	16,385,600	-	-	-	16,385,600	-
Fire	6,518,248	-	-	-	6,518,248	-
Public Works	6,488,479	-	-	-	6,488,479	-
Capital Outlay	-	-	6,459,000	1,746,500	8,205,500	-
Utilities	-	-	-	20,841,494	20,841,494	-
Internal Service	-	-	-	-	-	19,791,205
Liquor Operations	-	-	-	10,868,419	10,868,419	-
Debt Service	60,766	2,553,000	-	23,718	2,637,484	-
Other	20,000	-	-	1,198,227	1,218,227	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 6,459,000	\$ 34,678,358	\$ 93,792,832	\$ 19,791,205
Ending Fund Balances	\$ 24,542,534	\$ -	\$ 7,807,626	\$ 130,365,687	\$ 162,715,847	\$ 12,203,335
Expenditures (Expenses) by Object						
Personnel Services	\$ 31,134,848	\$ -	\$ -	\$ 5,947,966	\$ 37,082,814	\$ 9,240,431
Supplies	1,760,095	-	-	1,316,495	3,076,590	1,499,627
Contractual Services	5,713,747	-	-	8,600,310	14,314,057	7,356,766
User Charges	11,066,168	-	-	900,695	11,966,863	18,158
Capital Under \$25,000	346,850	-	-	492,181	839,031	333,703
Capital Outlay	-	-	6,459,000	1,746,500	8,205,500	-
Depreciation	-	-	-	5,892,603	5,892,603	1,342,520
Cost of Goods Sold	-	-	-	8,559,663	8,559,663	-
Debt Service	60,766	2,553,000	-	23,718	2,637,484	-
Other	20,000	-	-	1,198,227	1,218,227	-
Total	\$ 50,102,474	\$ 2,553,000	\$ 6,459,000	\$ 34,678,358	\$ 93,792,832	\$ 19,791,205

Projected Changes in Fund Balances

Fund	Year	Fund Balance January 1	Revenues	Expenditures	Fund Balance December 31	Increase / (Decrease)	% Change in Fund Balance
General Fund	2018	\$ 22,622,197	\$ 47,930,873	\$ 46,010,536	\$ 24,542,534	\$ 1,920,337	8.5%
	2019	24,542,534	47,101,720	47,101,720	24,542,534	-	0.0%
	2020	24,542,534	48,657,456	48,657,456	24,542,534	-	0.0%
	2021	24,542,534	50,102,474	50,102,474	24,542,534	-	0.0%
Debt Service	2018	-	2,553,000	2,553,000	-	-	0.0%
	2019	-	2,553,000	2,553,000	-	-	0.0%
	2020	-	2,553,000	2,553,000	-	-	0.0%
	2021	-	2,553,000	2,553,000	-	-	0.0%
Capital Project Funds	2018	10,949,901	6,063,235	4,780,008	12,233,128	1,283,227	11.7% *
	2019	12,233,128	6,023,166	9,256,000	9,000,294	(3,232,834)	(26.4%) *
	2020	9,000,294	6,068,166	6,895,000	8,173,460	(826,834)	(9.2%)
	2021	8,173,460	6,093,166	6,459,000	7,807,626	(365,834)	(4.5%)
Enterprise Funds	2018	137,699,466	30,508,550	31,333,382	136,874,634	(824,832)	(0.6%)
	2019	136,874,634	31,256,454	34,068,544	134,062,544	(2,812,090)	(2.1%)
	2020	134,062,544	31,664,602	33,635,090	132,092,056	(1,970,488)	(1.5%)
	2021	132,092,056	32,951,989	34,678,358	130,365,687	(1,726,369)	(1.3%)
Internal Service Funds	2018	9,764,372	18,851,386	18,283,552	10,332,206	567,834	5.8%
	2019	10,332,206	18,965,374	18,218,554	11,079,026	746,820	7.2%
	2020	11,079,026	19,515,313	18,931,471	11,662,868	583,842	5.3%
	2021	11,662,868	20,331,672	19,791,205	12,203,335	540,467	4.6%
Grand Total	2018	181,035,936	105,907,044	102,960,478	183,982,502	2,946,566	1.6%
	2019	183,982,502	105,899,714	111,197,818	178,684,398	(5,298,104)	(2.9%)
	2020	178,684,398	108,458,537	110,672,017	176,470,918	(2,213,480)	(1.2%)
	2021	176,470,918	112,032,301	113,584,037	174,919,182	(1,551,736)	(0.9%)

*The greater than 10% percent change in fund balance for the Capital Project Funds is a result of planned spending and varying annual expenditures.

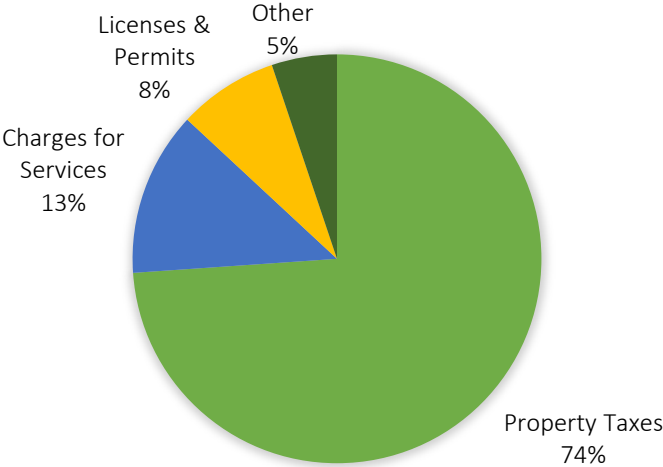


REVENUES

Revenues

General Fund

The City of Eden Prairie’s largest sources of General Fund revenue are property taxes, charges for services, and licenses and permits. A review of all revenue sources is completed with the biannual budget. Based on information from City staff, Hennepin County, other external sources and analytical review, revenues are projected. Charges for services are reviewed annually to ensure reasonableness and may be adjusted for inflation.



Revenue Source	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Property Taxes	\$ 34,258,721	\$ 34,644,210	\$ 35,959,740	\$ 1,315,530	\$ 37,325,260	\$ 1,365,520
Charges for Services	5,976,951	6,238,695	6,331,556	92,861	6,468,995	137,439
Licenses & Permits	4,892,559	3,801,034	3,854,780	53,746	3,855,780	1,000
Other	2,802,642	2,417,781	2,511,380	93,599	2,452,439	(58,941)
Total	\$ 47,930,873	\$ 47,101,720	\$ 48,657,456	\$ 1,555,736	\$ 50,102,474	\$ 1,445,018
Percent Change				3.3%		3.0%

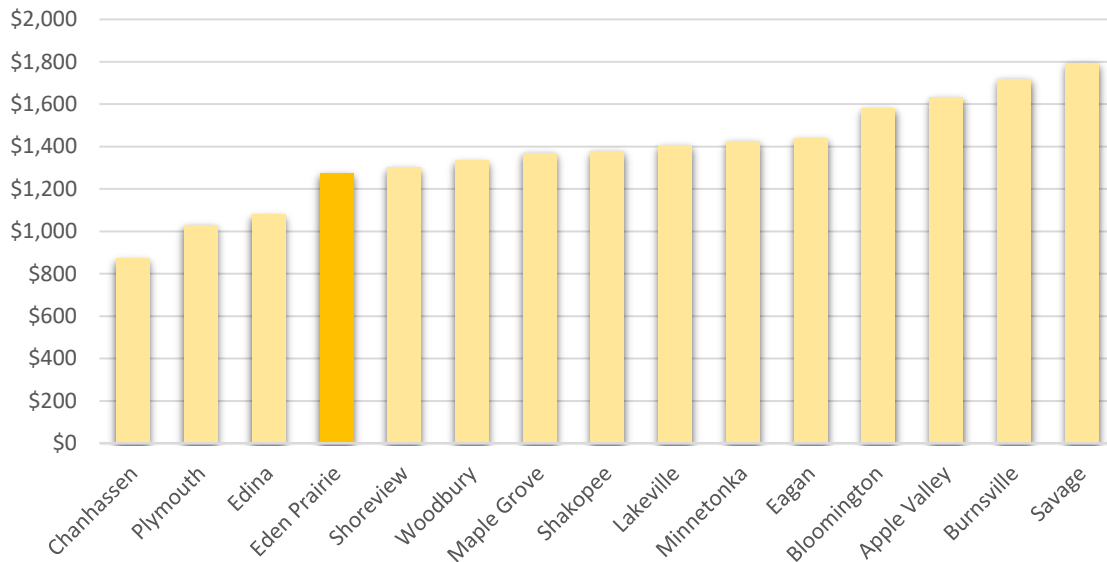
Property Taxes

Property tax revenue is the single largest source at 74% of the General Fund budget. The City strives to balance increases in property taxes with the demand for services. Taxes are projected to increase 3.8% for 2020 and 2021.

Property tax revenues are collected by the County and passed through to the City. Every property owner is subject to property tax by the County, the school district, the City in which the property is located, and other special authorities like the Watershed. The estimated market value is a valuation set upon real estate and certain personal property by the City Assessor as a basis for levying property taxes. This value is converted to tax capacity by a formula specified in state law. The tax levy is the amount raised by general property taxes.

While property taxes are difficult to compare across cities due to differences in tax base, growth, level and quality of services, Eden Prairie’s property tax rate compares favorably to other nearby cities. Please see the 2019 City Tax chart on the next page based on a market value residence of \$396,200.

2019 City Tax



Source: Applicable counties' tax rate schedules

Charges for Services

Charges for Services, 13% of the General Fund budget, includes membership dues, daily fees, and program fees for Park and Recreation programs. For 2020 and 2021, these revenues are projected to increase 1.5% and 2.2%. The City collects fees for recreation programs based on the policy approved by the City Council in 2008.

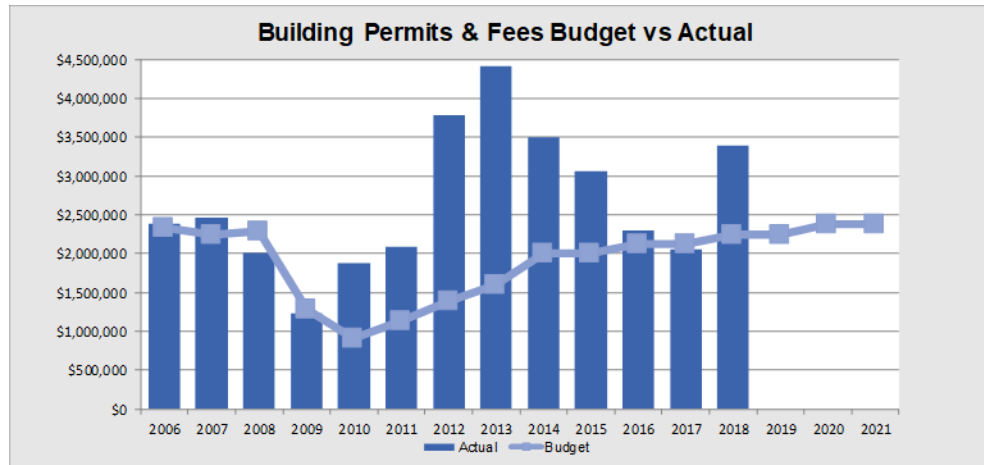
Fee schedules are reviewed annually by the Parks and Recreation Department, and adjusted accordingly. Cost recovery for the various recreation programs depends on the type of service offered. *Basic services* are those that every taxpayer is entitled to receive. Cost recovery within the basic services range from 0% to 75%. *Enhanced services* are special events or activities to which the community is invited without a fee. Minimum cost recovery for these types of programs range from 10%-50% with the goal to obtain sponsorship of the entire cost of the programs. *Fee-assisted services* are programs that have a high cost recovery as well as programs with mandated fee levels. These programs recover costs up to 85%-100%. *Fee-supported services* are programs provided at no cost to the taxpayers and in many cases show a profit.

Licenses and Permits

License and permit fees are the third largest revenue source to the General Fund at 8% of the budget. For 2020, they are projected to increase 1.4% and remain flat for 2021.

Per Minnesota Statutes 462.353, subd. 4(a), a city may charge fees that are sufficient to defray the costs incurred by the city in reviewing, investigating, and administering an application for an amendment to an official control, or an application for a permit or other approval required under an official control. Fees are required by law to be fair, reasonable and proportionate, and have a nexus to the actual cost of the service for which the fee is imposed. All cities are required to adopt management and accounting procedures to ensure fees are maintained and used only for the purpose for which they are collected.

Revenue from building permits and fees makes up a large part of the license and permit revenue. It is dependent on the number of housing starts, subdivision plats and commercial development applications. Every two years, City staff reviews the fees charged and recommends adjustments based on inflation and the cost to provide the service. As can be seen from the graph on the next page, revenue can vary significantly each year.



Business continues to invest in Eden Prairie and we expect this to continue and to remain a favorable location to conduct business. Staff continues to discuss what a good base number is for development revenue to avoid being too aggressive and causing potential midyear operational challenges while also recognizing that increased development activity will increase revenue and service demand.

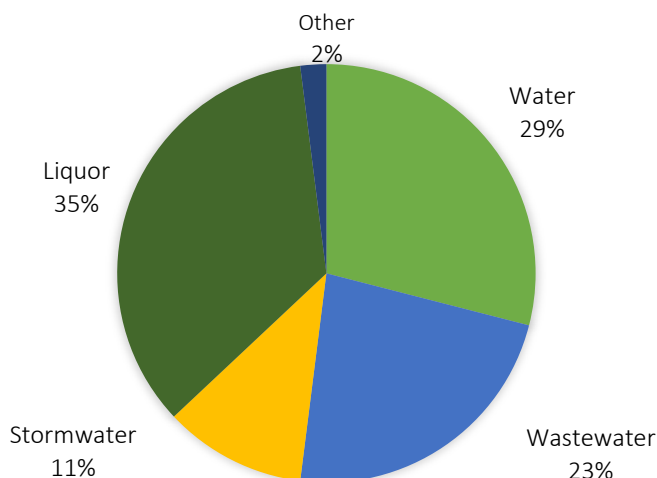
Internal Service Funds

Internal Service Funds receive revenue through user chargeback of expenses. The City’s Internal Service Funds include Employee Benefits, Facilities, Fleet Services, Information Technology and Property Insurance. The expenses of these funds are charged to the General Fund and Enterprise Funds based on a cost recovery allocation methodology. These allocation methods are reviewed and updated every two years with the City’s budget cycle. Other revenue is primarily fleet disposal proceeds. More information on the Internal Service Fund expenses can be found in the department summary section.

Revenue Source	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Charges for Services	\$ 18,156,964	\$ 18,742,241	\$ 19,476,813	\$ 734,572	\$ 20,293,172	\$ 816,359
Other	694,422	223,133	38,500	(184,633)	38,500	-
Total	\$ 18,851,386	\$ 18,965,374	\$ 19,515,313	\$ 549,939	\$ 20,331,672	\$ 816,359
Percent Change				2.9%		4.2%

Enterprise Funds

Utility sales for water, wastewater, and stormwater is the largest source of the Enterprise Funds revenue budget at 63% followed by liquor sales at 35%. Other revenue at 2% is primarily one-time access fees for water and sewer connections. Overall revenues are projected to increase 1.3% for 2020 and 4.1% for 2021.



Revenue Source	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Water	\$ 8,422,155	\$ 8,895,099	\$ 9,285,419	\$ 390,320	\$ 9,634,351	\$ 348,932
Wastewater	6,356,014	6,934,629	7,192,828	258,199	7,453,063	260,235
Stormwater	2,726,255	3,053,459	3,297,735	244,276	3,561,554	263,819
Liquor	10,559,515	11,720,917	11,254,692	(466,225)	11,648,606	393,914
Other	2,444,611	652,350	633,928	(18,422)	654,415	20,487
Total	\$ 30,508,550	\$ 31,256,454	\$ 31,664,602	\$ 408,148	\$ 32,951,989	\$ 1,287,387
Percent Change				1.3%		4.1%

Utility Rate Study

The City periodically updates the 10-year utility rate study for Water, Wastewater and Stormwater. In 2017, AE2S was retained to update the study. The study provides a long-term and comprehensive plan for funding operation and maintenance and the capital needs of the three utilities. Financial costs of service are balanced with rate changes.

A residential utility bill of 18,000 gallons a quarter is expected to increase 5.1% and 4.3% for 2020 and 2021 respectively. In 2022 and 2023 the bill is projected to increase 3% each year.

Staff monitors financial results against expectations to ensure appropriate levels of funding for the operations.

Liquor Sales

Eden Prairie has the fourth largest municipal off sale operation in Minnesota. Sales for the City's three municipal liquor stores in 2020 are projected to decrease 4.0% from the 2019 budget and increase 3.5% in 2021. City policy states that liquor profits are transferred to the Capital Improvement Program. Net income is projected to be \$771,121 and \$831,779 in 2020 and 2021 respectively.

LONG RANGE FINANCIAL PLANNING

EDEN PRAIRIE
CITY CENTER

1:11 PM
50°F

EDEN PRAIRIE
CITY CENTER

Long-Range Financial Planning

The City utilizes a five-year budget model for its General Fund to assist in long-term strategic planning and to detect any future structural funding and property tax levy problems as early as possible. This section looks at these projections and the assumptions used to develop the projections.

Property Values — The City expects to see increased valuations going forward. The Twin Cities Metropolitan Area is one of the fastest growing regions in the Midwest. The region has low unemployment, a high-quality workforce, robust transportation system, excellent business culture, and a high quality of life. We believe these trends along with the investments we continue to see in our community will maintain and increase property values.

Tax Levy — The property tax levy is the largest revenue source. The General Fund tax levy is projected to increase 3.2% to 4.2% from 2022 to 2026. The total levy, which includes the General Fund, debt and capital levies, is projected to increase 2.7% to 4.9% over the same period. This recognizes the need to maintain our services with incremental change as needed. As each budget is fine-tuned, we have flexibility to adjust as needed.

Charges for Services — Recreation charges are increased annually to pay for increases in the cost to provide service. From 2020 to 2024, charges for services are projected to increase 3% annually.

License and Permit Fees — Building permit and fees are reviewed every two years by City staff. Adjustments are made based on inflation and the cost to provide service. Generally, the budget has increased approximately 6% every other year. This has allowed builders to better plan for fee changes.

Personnel Costs — Wages and benefits continue to be the largest driver of the operating budget. For the budget model, we have planned for a 4% and 3% increase in wages every other year respectively. This recognizes base increase, step and performance pay, and employee turnover. As the baby boomers continue to retire, the City has been proactive in succession planning. Health insurance rates for 2020, 2021 and 2022 are capped at 8%, 8% and 9%, respectively. For 2023 to 2026, a 7% increase is projected. In addition, public safety staffing has been increased as we expect growing demand in this area.

Total Expenditures — Total General Fund expenditures are expected to increase between 2.9% to 3.9% annually to fund current City services.

Debt — Debt payments paid by the debt levy remain stable. The last time the City issued debt with a property tax impact was in 2014. We plan to issue debt from 2022 to 2024 for fire engines and improvements to our public safety facility.

Contingency Planning — The City employment base is populated with a healthy combination of retail, professional and light industrial businesses. The City does not rely solely on a single sector of employment and is able to better weather fluctuations in national and international economic changes. In addition, we maintain reserves to provide temporary resources as needed. We also have flexibility in our budget.

Limited Developable Land — The City has limited developable land as we are almost fully developed. We have started to see more redevelopment, which continues to add value to the community. Redevelopment trends may be volatile and the City is able to respond to these changes with our contingency plans.

Structural Balance — The General Fund long-term model is a reflection of conservative estimates of revenue and expenditures and shows a balanced budget for all years. Each budget cycle the model is adapted to include changes in inflation, community growth, program choices and levels of service. The subsequent modeling provides a financial context to understanding of funding requirements to maintain quality services. In reality, the out-years will be tempered with possible levy limits, program choices and policy-influenced levels of service. The General Fund is part of a larger model to ensure the City has adequate resources to pay for services and to deal with cyclical downturns.

General Fund Five-Year Forecast

The projections for 2022 to 2026 are shown below.

	Adopted 2020	Proposed 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026
REVENUES							
Taxes	\$ 35,959,740	\$ 37,325,260	\$ 38,793,073	\$ 40,060,879	\$ 41,729,785	\$ 43,071,148	\$ 44,868,180
License and Permits							
Building Permits and Fees	2,381,880	2,381,880	2,520,614	2,521,458	2,668,482	2,669,344	2,825,155
Other	1,472,900	1,473,900	1,485,037	1,496,285	1,507,646	1,519,121	1,530,710
Total Licenses and Permits	3,854,780	3,855,780	4,005,651	4,017,743	4,176,129	4,188,464	4,355,865
Intergovernmental Revenue							
Police Pension Aid	565,500	565,500	576,810	588,346	600,113	612,115	624,358
Fire Relief Association Aid	457,742	457,742	466,897	476,235	485,759	495,475	505,384
School Liaison	120,430	120,430	121,634	121,634	122,851	122,851	124,079
Other	155,550	155,550	157,241	158,953	160,688	162,444	164,222
Total Intergovernmental Revenue	1,299,222	1,299,222	1,322,582	1,345,169	1,369,411	1,392,884	1,418,043
Charges for Services							
Public Safety	158,208	159,604	160,910	162,229	163,561	164,907	166,266
Recreation	6,173,348	6,309,391	6,497,673	6,691,593	6,891,321	7,097,030	7,308,900
Total Charges for Services	6,331,556	6,468,995	6,658,583	6,853,822	7,054,882	7,261,937	7,475,166
Other Revenue	800,690	729,990	737,290	744,663	752,109	759,631	767,227
Total Revenues	48,245,988	49,679,247	51,517,179	53,022,276	55,082,316	56,674,064	58,884,482
EXPENDITURES							
Administration	4,734,458	4,707,669	4,942,577	4,954,641	5,286,997	5,297,889	5,653,538
Community Development	2,450,407	2,538,978	2,636,389	2,723,853	2,828,870	2,921,459	3,034,615
Police	15,729,265	16,385,600	17,069,419	17,638,291	18,315,716	18,917,406	19,566,839
Fire	6,287,805	6,518,248	6,751,858	6,974,348	7,225,410	7,462,598	7,812,395
Public Works	6,353,771	6,488,479	6,702,561	6,902,473	7,131,607	7,342,582	7,587,760
Parks and Recreation	13,020,985	13,382,734	13,829,396	14,258,657	14,736,282	15,190,626	15,701,245
Debt Service	60,765	60,766	-	-	-	-	-
Total Expenditures	48,637,456	50,082,474	51,932,200	53,452,262	55,524,881	57,132,560	59,356,393
Excess (Deficiency) of Revenues over Expenditures	(391,468)	(403,227)	(415,022)	(429,986)	(442,565)	(458,495)	(471,911)
OTHER FINANCING SOURCES / (USES)							
Transfers In	411,468	423,227	435,924	449,002	462,472	476,346	490,636
Transfers Out	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Total Other Financing Sources	391,468	403,227	415,924	429,002	442,472	456,346	470,636
Net Change in Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Tax Levy Projections

	Adopted 2020	Proposed 2021	Estimated 2022	Estimated 2023	Estimated 2024	Estimated 2025	Estimated 2026
Tax Levy Projections							
General Fund Tax Levy	\$36,668,102	\$38,061,490	\$39,568,935	\$40,862,097	\$42,564,381	\$43,932,571	\$45,765,544
Current Debt Service	2,553,000	2,553,000	2,553,000	2,553,000	2,440,000	2,440,000	1,535,000
New Debt Service	-	-	509,190	509,190	509,190	1,097,844	1,469,121
Total Debt Service	2,553,000	2,553,000	3,062,190	3,062,190	2,949,190	3,537,844	3,004,121
Capital Levy	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Total Tax Levy	\$39,621,102	\$41,014,490	\$43,031,125	\$44,324,287	\$45,913,571	\$47,870,415	\$49,169,665
Change	\$ 1,342,378	\$ 1,393,388	\$ 2,016,635	\$ 1,293,162	\$ 1,589,284	\$ 1,956,845	\$ 1,299,250
Percent Change		3.5%	4.9%	3.0%	3.6%	4.3%	2.7%



CAPITAL EXPENDITURES

Capital Expenditures

Definition

A capital improvement is a major expenditure of City funds. For the Capital Improvement Plan (CIP), the City defines capital as the cost of a single project or piece of equipment over \$25,000. Projects under \$25,000 appear in the operating funds and on a limited basis in the CIP.

Capital Project Funding Sources

Capital Improvement Fund

Projects paid for out of the Capital Improvement Fund do not have another funding source. Funding for the Capital Improvement Fund includes liquor profits, tax revenue, lease revenue, franchise fees, transfers-in, interest and other miscellaneous sources. Usually one-time money received is put into the Capital Improvement Fund. The City uses the Capital Improvement Fund and pay-as-you-go financing whenever possible.



Pay-as-you-go is a method of financing capital projects with current revenues – paying cash instead of borrowing against future revenues. Pay-as-you-go works well where capital needs are steady and financial capability is adequate. Pay-as-you-go saves interest costs since interest on long-term bonds can more or less equal the original capital costs, depending on interest rates and repayment schedules. It also protects borrowing capacity for unforeseen major outlays that are beyond any current year’s capability, and it fosters favorable bond ratings when long-term financing is undertaken.

Projects paid from the Capital Improvement Fund include maintenance of approximately 234 miles of City streets as well as new trails, sidewalks, park maintenance, fire and police equipment.

Internal Service Funds

The City funds capital projects out of the Fleet Services, Information Technology and Facilities Internal Service Funds. Fleet Services manages the acquisition and disposal of over 290 vehicles and 150 pieces of small equipment. Information Technology includes the maintenance of the City’s internal and external network infrastructure and replacement of various software. Facility projects include improvements, repair, and maintenance of the City’s 32 buildings.

Utility Funds

Projects under Utility Operations include maintenance to the City’s utility infrastructure. Projects are part of the 10-year CIP and the utility rate study to ensure adequate funding amounts are collected.

Capital Projects by Department

Department	2020 Budget	2021 Budget
Engineering	\$4,785,000	\$4,135,000
Facilities	730,000	730,000
Fire	360,000	115,000
Information Technology	426,000	561,000
Parks and Recreation	1,500,000	2,050,000
Police	250,000	159,000
Water Utility	248,000	668,500
Wastewater Utility	200,000	200,000
Stormwater Utility	1,075,000	1,250,000
Total	\$9,574,000	\$9,868,500



Capital Projects by Funding Source

Capital Improvement Fund

<u>Project</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>Significant Non Recurring</u>
Engineering			
LRT Project Improvements	\$850,000		X
North Singletree Lane Streetscape	165,000		
Willow Creek Road Bridge Replacement		200,000	
Annual Pavement Maintenance	2,150,000	2,200,000	
General Roadway Reconstruction	500,000	500,000	
Deerfield Trail Improvements	640,000		X
Green Ridge Drive Improvements	480,000		X
Cumberland Road Reconstruction		765,000	X
Pioneer Trail Upgrade		470,000	X
Fire			
Radio Tower Replacement	250,000		
Security Camera Upgrades	80,000	40,000	
Radio Dispatch Replacement		75,000	
Hose Replacement	30,000		
Parks			
Play Equipment Replacement	140,000	150,000	
Parking Lot Maintenance	105,000	90,000	
Trail Maintenance	300,000	450,000	
Hard Court Maintenance	120,000	60,000	
Flying Cloud Fields Reconditioning	275,000		
Flying Cloud Dog Park Parking Expansion		100,000	X
Ballfield Fence Replacement	100,000	50,000	
Staring Lake Amphitheater Renovation		300,000	X
Miller Park Light Conversion		400,000	X
Miller Park Tennis Shelter	130,000		X
New Trails and Sidewalks	330,000	450,000	
Police			
Taser Replacement	100,000		
Squad Car Video System Replacement	150,000		
Pistol Replacement		19,000	
Ballistic Protection Kits Replacement		40,000	
Body Cameras		40,000	
SWAT Night Vision		60,000	
Total	<u>\$6,895,000</u>	<u>\$6,459,000</u>	

Internal Service Funds

<u>Project</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>Significant Non Recurring</u>
Facilities			
Building Restoration	\$125,000	\$125,000	
HVAC Replacements	425,000	425,000	
Parking Lot Mill & Overlay	180,000		
Fire Station 1 Roof Replacement		180,000	
Information Technology			
Fiber Implementation	180,000	250,000	X
Network Storage Upgrades	35,000	100,000	
Police Mobile Computer Replacement		211,000	
Public Safety Application Upgrades	175,000		
Garden Room Audio Visual Upgrades	36,000		
Total	<u>\$1,156,000</u>	<u>\$1,291,000</u>	

Utility Funds

<u>Project</u>	<u>2020 Budget</u>	<u>2021 Budget</u>	<u>Significant Non Recurring</u>
Water			
Water Conservation Landscaping	\$35,000	\$26,500	
City Facility Smart Irrigation Control Upgrade	26,000	27,000	
Annual Well Rehab	187,000	190,000	
Spring Road Water Main		425,000	X
Wastewater			
Lift Station Rehabilitation	200,000	200,000	
Stormwater			
Annual Water Quality Improvement Projects	200,000	320,000	
Creek and River Corridor Restoration	150,000	150,000	
General Repairs & Maintenance	175,000	200,000	
General Road Drainage Improvements	170,000	200,000	
City Facility Stormwater Projects	100,000		
Pioneer Trail Upgrade		180,000	X
Willow Creek Road Bridge Replacement		100,000	
Deerfield Trail Improvements	160,000		X
Green Ridge Drive Improvements	120,000		X
Cumberland Road Reconstruction		100,000	X
Total	\$1,523,000	\$2,118,500	



Significant Non-Recurring Capital Projects

LRT Project Improvements — \$850,000

The City received feedback from residents and businesses during the Southwest LRT planning process desiring improved aesthetics and easy access to the proposed four stations within Eden Prairie. Project improvements include bridge aesthetics, enhanced fencing, railing, landscaping, lighting and overhead catenary system poles. In addition, new trails and sidewalks will be constructed to provide easy access to the transit stations.

Operating Budget Impact — Upgraded project components may have higher than normal long-term maintenance costs. These will be determined in future budget cycles when the project is complete. Some components may be maintained by Metro Transit with no cost to the City.

Flying Cloud Dog Park Parking Expansion — \$100,000

The Flying Cloud off leash area is the only dog park open during the winter months. The park can become so busy that cars are forced to park along busy Flying Cloud Drive. Space constraints do not allow additions to the existing parking lot. The entire area will be rearranged to provide additional off street parking. In addition, extra fencing will be necessary to replace the area lost to parking.

Operating Budget Impact — Minimal costs will be added by the project. Only the future replacement cost of the additional fencing and parking area.

Staring Lake Amphitheatre Renovation — \$300,000

At present, sets for theater productions are built off-site and transported to the park for summer play performances. Used sets, props, and other materials are stored in an unsecured location off-site. The renovation will increase storage and work space and lead to increased efficiencies in set productions.

Operating Budget Impact — Small reductions in waste and transportation costs are expected by the renovation.

Miller Park Light Conversion — \$400,000

Convert athletic field lighting to LED and upgrade to a wireless control system. Existing poles and wiring will be salvaged and reused. The project will be phased to minimize disruption to play at the soccer fields.

Operating Budget Impact — Current field lighting is over 20 years old and expensive to maintain. Converting to longer lasting LED will reduce operating costs.

Miller Park Tennis Shelter — \$130,000

The Miller Park tennis courts are some of the busiest in the City. The court surface is beyond its useful life and requires reconstruction. Camps and clinics are hosted throughout the summer and the addition of a 20x20-shade structure would be beneficial. With close proximity to soccer fields, the shelter could also be used as a tournament headquarters.

Operating Budget Impact — Minimal costs will be added by the project.

Deerfield Trail Improvements — \$800,000

Reconstruction of the residential Deerfield Trail adding new stormwater infrastructure, curb, gutter and pavement. The street is deteriorating faster than anticipated due to active sump pump discharges and lack of stormwater infrastructure. It has been overlaid multiple times.

Operating Budget Impact — Total reconstruction will restart the life cycle of the pavement. Additional sealcoat and overlay maintenance costs on a 10-20 year cycle are modest.

Green Ridge Drive Improvements — \$600,000

Reconstruction of Green Ridge Drive from Kirstie Lane to Valley View Road adding new stormwater and storm management infrastructure. The street is deteriorating faster than anticipated due to active sump pump discharges and minimal stormwater infrastructure. It has been overlaid multiple times.

Operating Budget Impact — Minimal costs will be added.

Cumberland Road Reconstruction — \$865,000

Reconstruction of Cumberland Road from Mitchell Road to Sycamore Court to address poor underlying soil conditions. The street, curb, and gutter experience significant heaving annually due to underlying soils.

Operating Budget Impact — Total reconstruction will restart the life cycle of the pavement. Additional sealcoat and overlay maintenance costs on a 10-20 year cycle are modest.

Pioneer Trail Upgrade — \$650,000

Upgrade rural 2-lane roadway to 2-lane urban, add turn lanes, 8-foot trail, and extend water and wastewater infrastructure for future parcel development project. Stormwater infrastructure may need to be included.

Operating Budget Impact — Total reconstruction will restart the life cycle of the pavement. Additional sealcoat and overlay maintenance costs on a 10-20 year cycle are modest.

Fiber Implementation — \$430,000

Future fiber build out to include redundancy to LOGIS in event fiber is cut. Also, may need to consider alternate fiber provider to the Community Center due to invalid and missing information from current CenturyLink provider.

Operating Budget Impact — Possible modest increase or decrease if alternate provider selected.

Spring Road Water Main — \$425,000

This project closes a gap and completes a loop in the water main system. An 8" water main from the existing stub on Spring Road will be connected to a future stub constructed with Hennepin's County Flying Drive project near the Lion's Tap site.

Operating Budget Impact — The water main will increase the overall water distribution infrastructure and require additional maintenance responsibilities.



DEBT

Debt

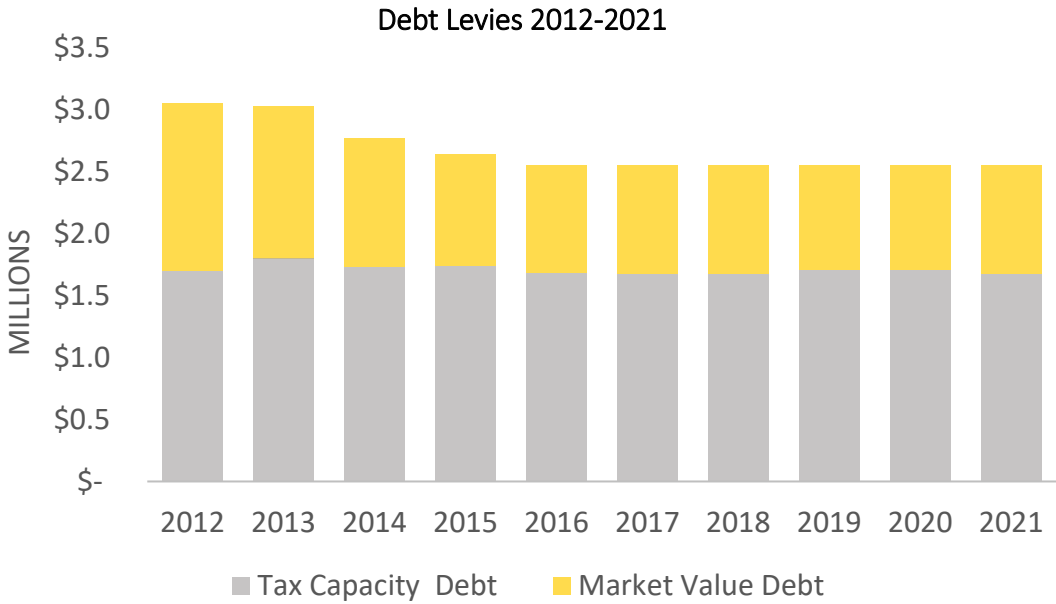
The City of Eden Prairie strategically uses debt to provide consistency in its high quality of municipal services, without subjecting residents and business to dramatic spikes and declines in taxes. From 2020 to 2021 debt payments supported by the tax levy are projected to remain approximately 5% to 6% of the General Fund budget. The City has a policy of maintaining a percentage of 5% to 15% of the general fund budget as this is considered a moderate debt burden.

Moody’s Investors Service has assigned a rating of Aaa to the City of Eden Prairie’s (MN) bond for every debt issue since 2003, the highest rating from Moody’s. Standard & Poor’s Financial Services has also assigned its highest rating of AAA to the City of Eden Prairie’s bonds outstanding. This ensures the City receives the most competitive interest rates. The City’s bond ratings reflect Eden Prairie’s extensive and diversified tax base, low amount of rapidly amortized debt and capably managed operations. Of the 854 cities in Minnesota, there are only 14 rated Aaa by Moody’s and 19 rated AAA by Standard & Poor’s.

The following table summarizes the types of bonds the City issues and the revenue sources to make the debt payments:

Type of Bond	Revenue Source
General Obligation Bonds	Tax Levy
Tax Abatement Bonds	Tax Levy
General Obligation Special Assessment Bonds	Special assessments levied
General Obligation Utility Revenue Bonds	Utility Funds, paid from charges collected from customers

The City formally budgets and levies taxes for General Obligation Bonds. General Obligation bonds include amounts levied against tax capacity and amounts levied against market value. Following is a summary of the total debt levy from 2012 to 2021 and a summary of the tax levy by bond issue for 2019 to 2021:



Summary of Tax Levy by Bond Issue

2019 to 2021

Debt Levy	2019 Adopted	2020 Proposed	Difference	Percent Change	2021 Proposed	Difference	Percent Change
Debt Levy on Tax Capacity							
2012B SouthWest Fire Station	\$ 310,000	\$ 310,000	-	0.0%	\$ 280,000	\$(30,000)	(9.7%)
2014 Tax Abatement	1,397,000	1,397,000	-	0.0%	1,397,000	-	0.0%
Sub-total	1,707,000	1,707,000	-	0.0%	1,677,000	(30,000)	(1.8%)
Debt Levy on Market Value							
2011C Parks Referendum	696,000	165,000	(531,000)	(76.3%)	-	(165,000)	(100.0%)
2012A Parks Referendum	150,000	681,000	531,000	354.0%	876,000	195,000	28.6%
Sub-total	846,000	846,000	-	0.0%	876,000	30,000	3.5%
Total	\$ 2,553,000	\$ 2,553,000	\$ -	0.0%	\$ 2,553,000	\$ -	0.0%

Legal Debt Margin

Minnesota Statutes limit the amount of debt the City may issue to 3% of the assessor's market value of the City's tax base. The assessor's 3% market value less net debt is referred to as the legal debt margin. The following table shows the legal debt margin at Dec. 31, 2018.

Estimated Market Value ('17/'18)	\$ 10,209,614,900
Legal Debt Margin:	
Debt Limit: 3% of Market Value	306,288,447
General Obligation Bonds	9,211,190
Tax Abatement Bonds	16,697,342
Deductions:	
Amt available for repayment of bonds	2,296,320
Total debt applicable to limit	23,612,212
Legal debt Margin	\$ 282,676,235
As a % of debt limit	92.3%

As can be seen from the table, the City is significantly under the legal debt limit. This puts the City in a secure position because debt can be issued if necessary.

Long-Term Debt

On Dec. 31, 2019, the City's net tax supported debt outstanding was \$8,115,000 of General Obligation Bonds and \$15,900,000 of Tax Abatement Bonds, and total debt was \$36,715,000. Projected changes in bonds payable during 2020 and 2021 are summarized below.

	Balance 01/01/20	Addition	Retired	Balance 01/01/21	Addition	Retired	Balance 01/01/22
Governmental Activity:							
General Obligation Bonds	\$ 8,115,000	-	\$ 1,030,000	\$ 7,085,000	-	\$ 1,050,000	\$ 6,035,000
Tax Abatement Bonds	15,900,000	-	900,000	15,000,000	-	910,000	14,090,000
G.O. Special Assess. Bonds	5,975,000	-	1,710,000	4,265,000	-	1,690,000	2,575,000
G.O. Utility Revenue Bonds	6,725,000	-	840,000	5,885,000	-	340,000	5,545,000
Total	\$ 36,715,000	\$ -	\$ 4,480,000	\$ 32,235,000	\$ -	\$ 3,990,000	\$ 28,245,000

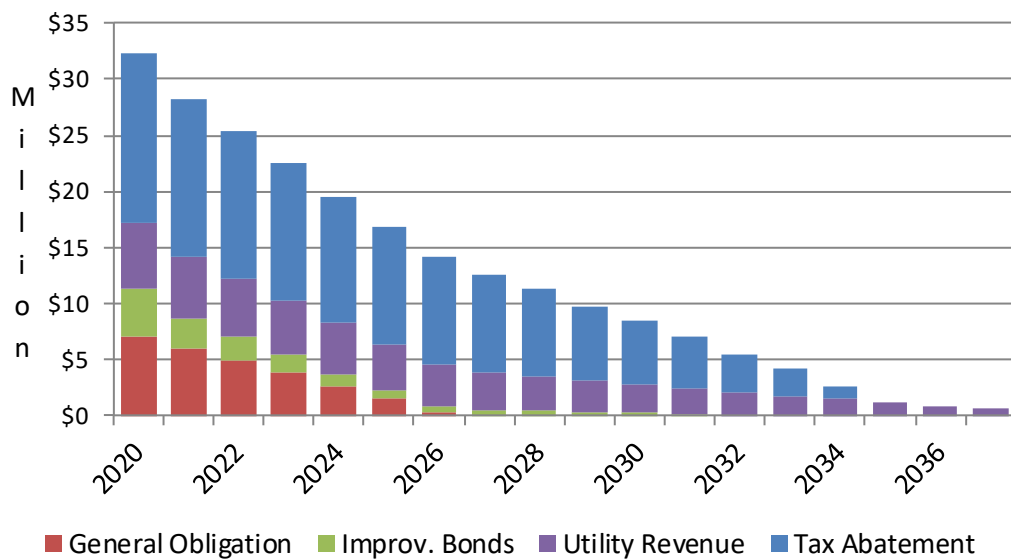
The City has no plans to issue debt in 2020 or 2021. The City plans to issue debt for fire engines beginning in 2022. See schedule below.

Year	Amount	Year	Amount
2022	\$750,000	2026	\$875,000
2023	\$800,000	2027	\$875,000
2024	\$850,000	2028	\$875,000

The timing of the purchase and bond issuance could change.

Below summarizes debt outstanding at the end of each year from 2020 to 2039. Within the next 10 years, 73% of the City's debt will be paid.

Summary of Debt Outstanding
(Amounts in Thousands)



Annual debt service payments to maturity for all debt and future interest outstanding as of Jan. 1, 2020, are as follows (in thousands of dollars):

Governmental Activity:

Years Ending 12/31	G.O.Bonds		Assessment Debt with Govt Commitment Improv Bonds		Tax Abatement Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	1,030	172	1,710	133	900	506	3,640	811
2021	1,050	152	1,690	95	910	479	3,650	726
2022	1,100	129	480	70	925	451	2,505	650
2023	1,135	106	495	56	920	423	2,550	585
2024	1,150	80	500	42	930	396	2,580	518
2025	1,165	52	385	28	815	369	2,365	449
2026	1,205	22	105	17	850	344	2,160	383
2027	280	4	105	14	865	319	1,250	337
2028	-	-	105	12	885	292	990	304
2029	-	-	100	9	1,210	261	1,310	270
2030	-	-	100	7	1,025	225	1,125	232
2031	-	-	100	4	1,060	188	1,160	192
2032	-	-	100	1	1,100	151	1,200	152
2033	-	-	-	-	1,130	110	1,130	110
2034	-	-	-	-	1,165	67	1,165	67
2035	-	-	-	-	1,210	23	1,210	23
Total	\$ 8,115	\$ 717	\$ 5,975	\$ 488	\$ 15,900	\$ 4,604	\$29,990	\$ 5,809

Enterprise Activity:

Years Ending 12/31	Revenue Debt with Govt Commitment	
	Utility Bonds	
	Principal	Interest
2020	840	178
2021	340	153
2022	350	143
2023	365	132
2024	375	122
2025	385	110
2026	395	99
2027	410	88
2028	235	79
2029	245	72
2030	250	64
2031	260	57
2032	265	52
2033	270	46
2034	275	40
2035	280	34
2036	285	28
2037	295	22
2038	300	15
2039	305	7
Total	<u>\$ 6,725</u>	<u>\$ 1,541</u>

A scenic view of a lake with a fountain, greenery, and a blue sky with clouds. The text is centered over the image.

GENERAL FUND DEPARTMENT SUMMARIES

General Fund Department Summaries

Administration

Description of Operations

Administration includes the City Council, Office of the City Manager, Legal Counsel, Property and Workers' Compensation Insurance, City Clerk, Communications, Finance, Human Resources, Facilities and Information Technology divisions. Facilities, Information Technology, and Property and Workers' Compensation Insurance budgets are detailed in the Internal Service Fund section of this document. All other Administration functions are included within the General Fund.



The functions of the Administration divisions range from managing the City's facilities and technology needs to external communication and the City budget. Records management, elections, and boards and commissions are also part of the Administration Department. Each division also supports the City's core service departments.

The City of Eden Prairie operates under a statutory Plan B form of government with a council-manager system, with day-to-day administrative duties led by the City Manager. The City Council delegates all administrative duties to the City Manager, who is accountable to the Council for the effective administration of City business.

State law requires each City to retain an attorney. The City Manager — with consent of the Council — appoints the City Attorney. Since 1978, the City has retained the services of Gregerson, Rosow, Johnson & Nilan.

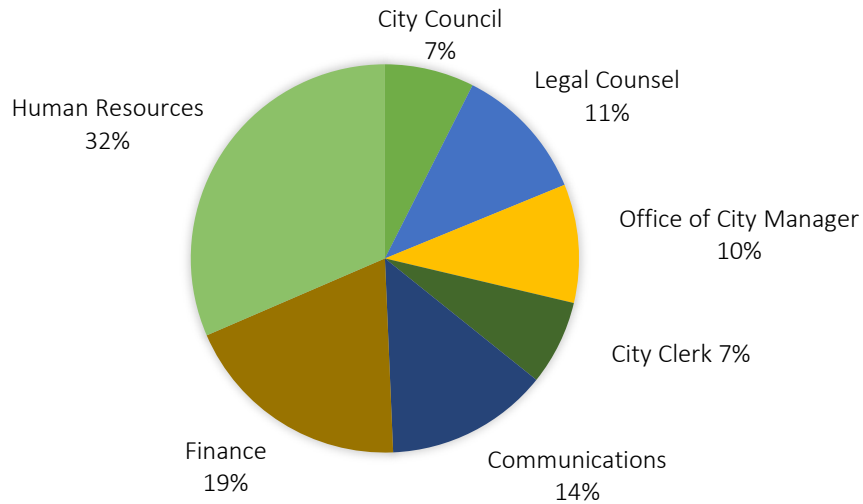
- The City Clerk is responsible for administration of elections, official records management and city code maintenance.
- Communications manages the internal and external communications of the City including marketing and community engagement.
- Finance oversees all financial activity including capital improvement planning, budget coordination, debt management, investments and liquor operations. More information about Eden Prairie Liquor is available in the liquor fund section of this document.
- Human Resources is responsible for labor relations, compensation and benefits, training, organizational development and support services.

Budgeted Positions

Administration	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Office of City Manager	2.0	2.0	2.0	2.0
City Clerk	1.0	1.0	2.0	2.0
Communications	3.5	3.5	3.5	3.5
Finance	5.5	5.5	5.5	5.5
Human Resources	9.8	9.8	9.8	9.8
Total FTEs	21.8	21.8	22.8	22.8

Financial Information

% OF ADMINISTRATION BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$2,468,852	\$2,385,573	\$ 2,692,657	\$307,084	\$2,655,549	\$(37,108)
Supplies	96,743	124,455	115,285	(9,170)	118,885	3,600
Contractual Services	1,204,734	1,238,922	1,243,542	4,620	1,232,837	(10,705)
User Charges	694,068	681,452	682,974	1,522	700,398	17,424
Capital under \$25,000	3,117	-	-	-	-	-
Total	\$4,467,514	\$4,430,402	\$ 4,734,458	\$304,056	\$4,707,669	\$(26,789)
Percent Change				6.9%		-0.6%

Personnel Services (wages and benefits) are increasing \$307,084 or 18% for 2020. A large portion of the increase, \$132,000, is due to the hiring of part-time staff for the 2020 election. The 2021 personnel services budget reduction reflects the removal of the election staff. In addition, a 1.0 FTE Deputy City Clerk is included in the 2020 budget to better meet service needs in this division.

Supplies are decreasing \$9,170 in 2020 to better reflect actual expense trends during 2018 and 2019. A 3% increase is projected for 2021.

Contractual Services are increasing slightly in 2020 due to election ballot printing. The 2021 budget for this category is reduced to reflect the removal of ballot printing.

User Charges account for the Internal Service Fund expenditures. These charges represent Administration's share of Facilities, Information Technology, and Property and Workers' Compensation insurance. Every two years, user-charge allocation methods are reviewed and adjusted to more accurately reflect service levels provided. Due to this adjustment, the 2020 user charge remains stable and increases by 3% for 2021.

Goals, Objectives and Measures

Administration Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Mitigate City’s risk and liability by adding weekly job site inspections, site-specific training and safety incentive programs to maintain City’s workers’ compensation experience modification rating of less than the industry average (1.0), which results in reduced insurance premiums for the City.	.62	.62	<1.0	Human Resources
Maintain high resident ratings of excellent or good on the overall quality of life in Eden Prairie	95%	95%	95%	Office of the City Manager
Goal – Economic Vitality				
Objectives				
Maintain highest available bond ratings from Moody’s, and Standard and Poor’s	Aaa AAA	Aaa AAA	Aaa AAA	Finance
Maintain moderate debt burden of 5-15% of the general fund budget per City policy	6%	6%	6%	Finance
Preserve and expand capital that is sustainable and affordable by preparing a fiscally balanced budget and 10-year balanced Capital Improvement Plan	Yes	Yes	Yes	Finance
Goal – High-Quality Efficient Services				
Objectives				
Maintain resident ratings of excellent or good on quality of overall employee customer service	93%	92%	93%	Office of the City Manager
Maintain or increase resident ratings of good or excellent on ease of use of the City website at or above national benchmarks	70%	71%	72%	Communications
Maintain or increase annual website accessibility score; industry benchmark is 73%	n/a	87%	95%	Communications
Maintain or increase percentage of residents who consider website preferred City information source	77%	77%	78%	Communications
Maintain or increase percentage of residents who consider “Life in the Prairie” newsletter preferred City information source	67%	75%	76%	Communications
Improve employee partnership survey job likability response, maintaining positive, engaged, passionate work culture by focusing on stay interviews, training/development programs, respectful workplace training and wellness initiatives	92%	88%	90%	Human Resources
Goal – Sense of Community				
Objectives				
Increase annual email/text engagement rate	60%	66%	80%	Communications
Increase annual average social media engagement rate	n/a	n/a	35%	Communications
Increase average resident awareness of annual community events	67%	67%	70%	Communications

Community Development



Description of Operations

The Community Development Department supports the long-term vitality of the City through land use planning, development review, business, housing and community services support needs, and responsible property valuations. It includes the Assessing, Economic Development, Housing and Community Services, and Planning divisions.

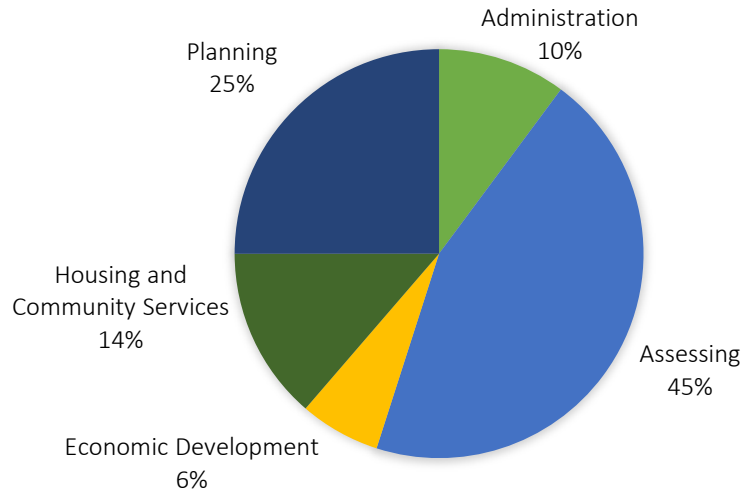
- Community Development Administration oversees the divisions, represents the department at City Council meetings, coordinates special projects, and takes an active role in LRT planning, and negotiating and funding large redevelopment projects.
- Assessing establishes annual property valuations, inspects each property once every five years per state law, provides staff support to the Board of Appeal and Equalization, and represents the City in Minnesota Tax Court matters.
- Economic Development provides services promoting business growth, development and redevelopment, and advocates for transportation infrastructure improvements and helps developers navigate the development review process.
- Housing and Community Services is responsible for affordable housing initiatives, rehabilitation loan programs, human service coordination and agency contracts, and cultural assistance. During 2019, the City received \$251,369 in Community Development Block Grant (CDBG) funds from the U.S. Department of Housing and Urban Development to help provide these services. Staff members support the Human Rights and Diversity Commission, Property Managers Group and Housing Task Force.
- Planning performs zoning code updates, development, sign permit and telecommunication reviews, and overall comprehensive planning for the City. The Aspire Eden Prairie 2040 comprehensive plan was approved by the Metropolitan Council in August 2019 and adopted by the City Council in October 2019. Staff members support the Planning, Conservation and Heritage Preservation commissions.

Budgeted Positions

Community Development	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration	2.0	2.0	2.0	2.0
Assessing	7.0	7.0	7.0	7.0
Economic Development	1.0	1.0	1.0	1.0
Housing & Community Services	1.75	2.0	2.0	2.0
Planning	4.7	4.7	4.8	4.8
Total FTEs	16.45	16.7	16.8	16.8

Financial Information

% OF COMMUNITY DEVELOPMENT BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 1,684,425	\$1,811,408	\$ 1,880,303	\$ 68,895	\$1,956,024	\$ 75,721
Supplies	9,657	15,580	15,680	100	15,430	(250)
Contractual Services	290,492	312,952	233,015	(79,937)	235,985	2,970
User Charges	335,789	345,642	321,409	(24,233)	331,539	10,130
Total	\$ 2,320,363	\$ 2,485,582	\$ 2,450,407	\$ (35,175)	\$ 2,538,978	\$ 88,571
Percent Change				(1.4%)		3.6%

Personnel Services are budgeted to increase 4% in 2020 and 2021 due to base salary and step increases, as well as a minimal FTE increase in the Planning Division to better meet the division's service needs.

Supplies remain flat while Contractual Services are decreasing \$79,937 for 2020. This decrease is due to the Aspire Eden Prairie 2040 comprehensive plan completion in 2019.

User Charges are decreasing \$24,233 in 2020 due to allocation cost adjustments in the Information Technology charge for Assessing.

Overall, the Community Development budget is increasing 3.6% for 2021 primarily for personnel services.

Goals, Objectives and Measures

Community Development Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Maintain the City’s affordable housing score by preserving and developing affordable housing, and implementing an inclusionary housing policy into City developments. The Housing Opportunities Amount Score (ALHOA) assesses local efforts to maintain and support low- and moderate-income households. The score ranges from 0 (lack of housing activity) to 100 (outstanding performance).	77	85	87	Housing and Community Services
Goal – Economic Vitality				
Objectives				
Support a prosperous economic base for business growth and development by implementing Aspire Eden Prairie 2040, the City’s comprehensive plan, ensuring code amendments and rezoning of properties are consistent with the 2040 plan.	n/a	n/a	Yes	Planning
Maintain the percentage of Eden Prairie businesses satisfied with the City’s decision-making process. Business survey results help identify wants and needs of the City’s business community.	89%	90%	90%	Economic Development
Prioritize projects supporting business growth and preserve affordable housing through update of the Housing and Economic Development Strategic Plan 2021-2025. This plan is updated every five years.	n/a	n/a	Yes	Community Development Administration
Maintain a strong employment base (total # of jobs) by continuing business meet and greets, coordinating annual Open to Business contracts, supporting business retention, expansion, rehabilitation and renovation	59,872	62,758	62,758	Economic Development
Goal – High-Quality Efficient Services				
Objectives				
Implement electronic review of land use applications	n/a	n/a	Yes	Planning
Meet state-mandated ratio of property valuation versus property sale purchase between 90-105%	Yes	Yes	Yes	Assessing
Goal – Innovative and Sustainable Practices				
Objectives				
Develop eco-innovation zoning district and begin facilitating approval of eco-innovative use, such as a solar garden on old landfill site	n/a	n/a	Yes	Planning Community Development Administration

Parks and Recreation

Description of Operations

The Parks and Recreation Department provides the community with comprehensive recreational amenities and programming. This includes parks and trails planning and development, facilities maintenance, forestry, leisure services programming and special events.



A goal of the department is to enhance the quality of life in the City and promote a stronger sense of community among residents and businesses. The Parks and Recreation Department includes Administration, Parks and Natural Resources, Recreation Services and the Community Center.

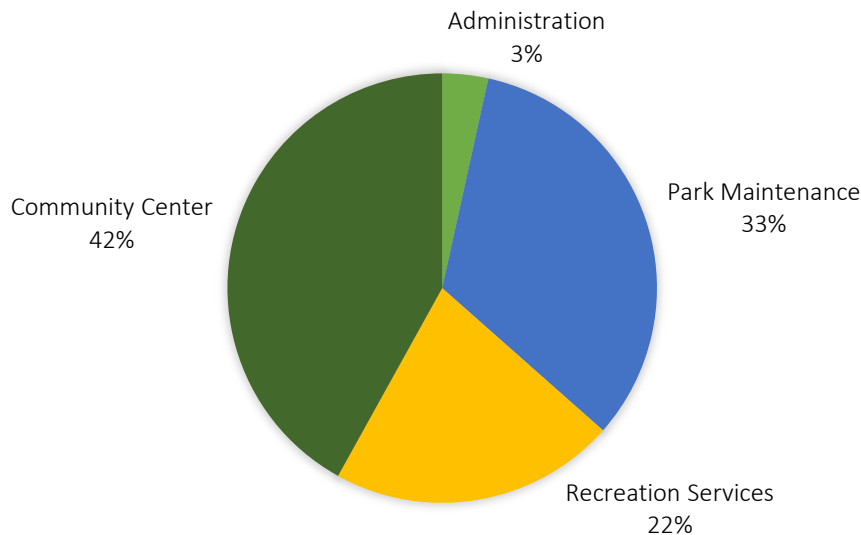
- Administration supervises the entire operation, leads park acquisitions, and provides department planning and budgeting.
- Parks and Natural Resources provides forestry, wildlife and natural resources management, park and trail maintenance, and cemetery administration.
- Recreation Services coordinates the programming of all areas including youth and family programs, organized athletics, community art events, therapeutic recreation and Art Center, Senior Center and Outdoor Center classes.
- The Community Center manages and operates a 239,000-square-foot facility including three ice arenas, three indoor pools, gyms, courts, fitness center and cardio equipment. Round Lake and Riley Lake beaches, and park rental facilities are also managed by the Community Center.

Budgeted Positions

Parks and Recreation	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration	2.0	2.0	2.0	2.0
Park Maintenance	20.0	20.0	20.0	20.0
Recreation Services	7.6	7.6	7.6	7.6
Community Center	6.5	6.5	6.5	6.5
Total FTEs	36.1	36.1	36.1	36.1

Financial Information

% OF PARKS AND RECREATION BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 5,939,235	\$ 6,026,276	\$ 6,265,174	\$ 238,898	\$ 6,477,724	\$ 212,550
Supplies	449,570	463,715	501,225	37,510	501,950	725
Contractual Services	1,403,168	1,333,680	1,470,064	136,384	1,480,487	10,423
User Charges	4,216,514	4,335,672	4,583,172	247,500	4,729,073	145,901
Capital under \$25,000	150,305	206,350	201,350	(5,000)	193,500	(7,850)
Total	\$ 12,158,792	\$ 12,365,693	\$ 13,020,985	\$ 655,292	\$ 13,382,734	\$ 361,749
Percent Change				5.3%		2.8%

Personnel Services are projected to increase \$238,898 or 4% in 2020, and \$212,550 or 3% in 2021 due to base salary and step increases. Continued market analysis for part time employees is resulting in minimum wage increases to remain competitive, recruit and retain staff.

Supplies are increasing \$37,510 or 8% in 2020, and are projected to remain flat for 2021. These increases in 2020 are primarily driven by growth at the Community Center, replacement needs of aging recreation supplies, such as the bounce house, sledding hill tubes and canoes, and additional programs at the Art Center.

Contractual Services are increasing \$136,384 or 10% in 2020, and projected to remain flat for 2021. Increases are due to park waste disposal fees, emerald ash borer tree treatments, additional youth community program offerings, bank and service charge fees, and concessions at the Community Center. Some of the added expenses for program offerings and concessions will be offset with additional revenues.

User Charges are budgeted to increase \$247,500 or 5% for 2020 and 3% for 2021. These increases are primarily related to Community Center utility costs.

Capital under \$25,000 is projected to decrease slightly as larger purchase needs, such as televisions, security cameras and park maintenance equipment, are projected to remain stable for the next two years.

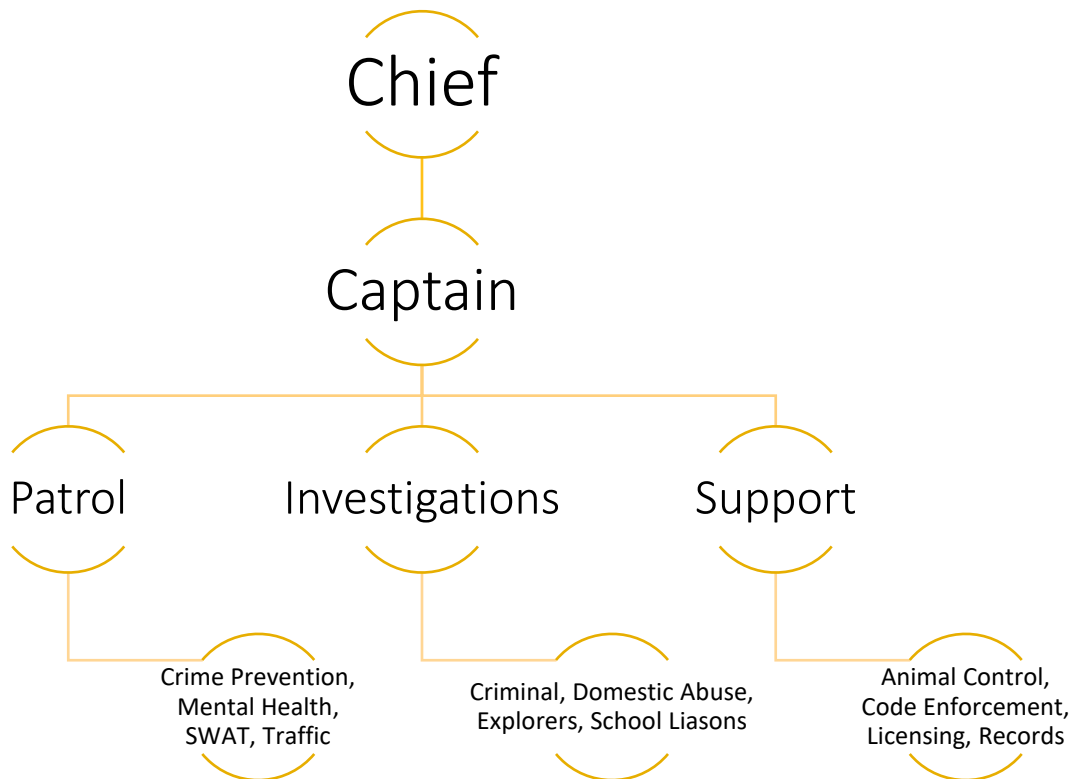
Goals, Objectives and Measures

Parks and Recreation Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Increase the number of annual Community Center visits by maintaining and expanding services such as aquatics programming to include adaptive swim lessons	802,698	899,000	920,000	Community Center
Implement and refine emergency security planning with public mock safety drills	n/a	n/a	Yes	Community Center
Add missing trail and sidewalk links identified in the City's pedestrian and bicycle plan	Yes	Yes	Yes	Park Maintenance
Goal – High-Quality Efficient Services				
Objectives				
Increase Senior Center visits by expanding programming and marketing, and conducting focus groups and informal needs assessments to help drive programming decisions	35,070	31,900	32,000	Recreation Services
Increase Art Center visits by improving program offerings	3,698	4,171	4,200	Recreation Services
Goal – Preserved and Beautiful Environment				
Objectives				
Convert turf areas to pollinator-friendly native plants	n/a	n/a	Yes	Park Maintenance
Protect urban forest from emerald ash borer by removing infested trees and replacing with diverse species	908 trees	245 trees	275 trees	Park Maintenance
Maintain high resident ratings on the overall appearance of Eden Prairie	96%	95%	95%	Administration Park Maintenance
Maintain high resident ratings of excellent or good on quality of large community parks	97%	96%	96%	Administration Park Maintenance
Improve resident ratings of excellent or good on quality of small neighborhood parks	95%	91%	95%	Administration Park Maintenance
Goal – Sense of Community				
Objectives				
Maintain Community Center memberships by serving and attracting new populations with membership retention programs and sensory-friendly events	2,529	2,608	>2,600	Community Center
Increase resident ratings of excellent or good on quality of recreation services	94%	92%	94%	Recreation Services Community Center
Enhance recreational inclusion services with training and improve staff knowledge on working with special needs individuals	n/a	n/a	Yes	Recreation Services
Improve resident ratings of excellent or good on Eden Prairie's sense of community	70%	68%	75%	All Parks and Recreation Divisions

Police

Description of Operations

The Police Department protects and serves the community through active and professional engagement. The department is committed to providing customized service, exercising discretion and fairness in enforcement, building public trust and promoting the professional development of its force.



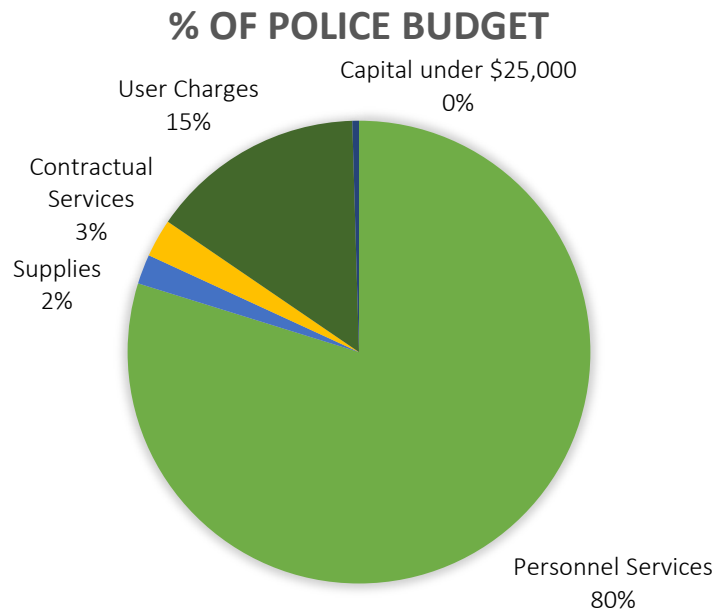
Budgeted Positions

Police	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration	25.0	24.0	24.0	24.0
Police Officers	68.0	69.0	69.5	70.5
Total FTEs	93.0	93.0	93.5	94.5

Administration includes 911 emergency dispatch services, records, licensing and community service officers. Eden Prairie Police operates its own dispatch center allowing for enhanced, personalized customer service. The dispatch center answers approximately 50,000 calls for service annually. The Animal Control Unit responds to nearly 2,000 calls for service annually dealing with domestic, wild and livestock animal concerns.

The Patrol Division includes eight units serving the needs of the community by protecting victims and apprehending criminals. The Crime Tech Unit includes a sergeant and eight officers specially trained to process evidence from crime scenes including fingerprints, shoe prints and DNA. The Crisis Intervention Team includes a sergeant and four officers specially trained in crisis intervention techniques. The Domestic Abuse Response Team includes one sergeant and seven officers trained to help domestic abuse victims.

Financial Information



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 11,689,547	\$ 12,220,571	\$ 12,536,126	\$ 315,555	\$ 13,075,823	\$ 539,697
Supplies	253,592	307,000	326,500	19,500	338,700	12,200
Contractual Services	332,161	381,635	423,891	42,256	436,415	12,524
User Charges	2,187,687	2,257,195	2,366,748	109,553	2,458,662	91,914
Capital under \$25,000	54,017	50,000	76,000	26,000	76,000	-
Total	\$ 14,517,004	\$ 15,216,401	\$ 15,729,265	\$ 512,864	\$ 16,385,600	\$ 656,335
Percent Change				3.4%		4.2%

Personnel Services are increasing \$315,555 or 3% in 2020, and \$539,697 or 4% in 2021. These additions are due to base salary and step increases, the addition of 1.5 FTEs, and an increase in the City's PERA contribution from 16.95% to 17.7% for Police. The additional FTEs are to support increased mental health calls, training requirements, and the addition of an officer to the Joint Terrorism Task Force.

Supplies are increasing \$19,500 or 6% in 2020 due to the purchase of naloxone for all officers, anticipated uniform allowance increase, and purchase of protective vests for Community Service Officers. An increase of 4% is projected for 2021.

Contractual Services are increasing \$42,256 or 11% in 2020 for a new pawn tracking service, increase in GPS tracking device services, and mandated annual emotional well-being visits for officers. The budget is increasing 3% for 2021.

User Charges are increasing \$109,553 or 5% for 2020, and \$91,914 or 4% for 2021. The majority of these increases are due to the rising costs of Police software.

Capital under \$25,000 is increasing \$26,000 or 52% for 2020 due to the expected purchase of Tasers. The 2021 budget includes funding for training room upgrades.

Goals, Objectives and Measures

Police Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Maintain high resident rating on overall feeling of safety	95%	94%	97%	All Police Divisions
Enhance traffic safety program by updating radar and speed measuring equipment. Measure overall traffic stops, which detect and deter crime.	16,195	17,236	18,000	Patrol
Enhance traffic safety program by developing pedal kart course and applying for grant to cover full-time DWI officer. Measure number of DWI arrests.	255	214	225	Patrol
Expand less lethal capabilities by providing each officer with a Taser	n/a	n/a	Yes	Support
Improve safety through issuance of gas masks to all officers	n/a	n/a	Yes	Support
Continue senior liaison events, such as Coffee with the Cops, lunches and meetings at senior buildings to reduce crimes against seniors	77	62	60	Investigations
Continue support of “Night to Unite” summer neighborhood parties to celebrate and strengthen the commitment to keeping our City safe	146	165	170	All Police Divisions
Goal – High-Quality Efficient Services				
Objectives				
Replace current ticket-writing system to fully integrate with records management system, as well as offer more mobility options for e-citations and in-field printing	n/a	n/a	Yes	Support
Research new weapons system to replace current handguns	n/a	n/a	Yes	Support
Maintain high resident ratings of excellent or good on overall quality of Police Department services	94%	94%	95%	All Police Divisions
Maintain high resident ratings of excellent or good on overall quality of contact with Eden Prairie police	93%	92%	95%	All Police Divisions

Fire



Description of Operations

The Fire Department mission is to minimize risk, increase safety, and improve the quality of life through education, code compliance and emergency response. The Department focuses on a continual cycle of planning, mitigation, and response and recovery activities to ensure a high level of readiness for events impacting the community.

Established in 1967, the Department operates four fire stations with a staff of 9 full time fire employees and 9 full time building inspections employees, 95 paid on-call firefighters, and 100 Community Emergency Response Team volunteers. The Department areas include Building Inspections, Fire (including Prevention/ Inspection, Suppression and Emergency Response), Emergency Management and Public Safety Communications.

- Building Inspections is primarily responsible for code compliance. This division ensures buildings are constructed safely in accordance with state and local building and fire codes. Activities include plan review, on-site inspections, occupancy approvals, permit issuance and fee collection.
- Fire includes fire and life safety inspections, rental housing licensing and inspection, hazmat licensing and inspections, fire investigations, public education activities, responding to emergencies including structure fires, hazardous material incidents, rope/trench/confined space rescue, vehicle extrication, structural collapse and ice/water and search/rescue incidents.
- Public Safety Communications manages the overall strategy for citywide radio infrastructure, subscriber units, security cameras, and card access for facility security.
- Emergency Management includes the coordination of the overall mitigation, preparedness, response and recovery for the City. This includes management and support of the emergency operations plan, emergency operation center (EOC), and various training and exercises.

The Eden Prairie Fire Department offers a range of community outreach programs and public services each year. Programs include Night to Unite, public safety open houses, station tours, pop-up splash pad events, business safety training and community EMT. These programs give the public a chance to learn more about the department and its firefighters.

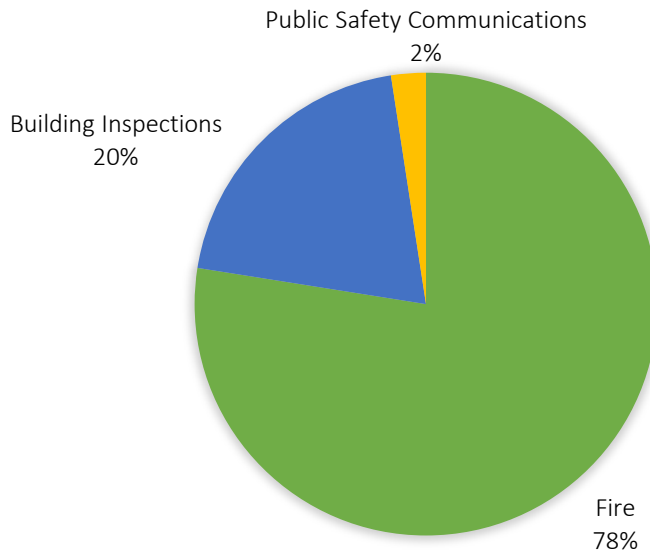
The Home Safety Audit program is a free service provided by the Fire Department for Eden Prairie residents. Trained volunteers from the Community Emergency Response Team visit homes and provide advice and suggestions to improve the home's overall safety. Safety topics include barbecue grills, candles, carbon monoxide, fire and burn prevention, fireworks and smoke alarms.

Budgeted Positions

Fire	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration	9.0	9.0	9.0	9.0
Building Inspections	9.0	9.0	9.0	9.0
Total FTEs	18.0	18.0	18.0	18.0

Financial Information

% OF FIRE BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 4,011,560	\$ 4,183,634	\$ 4,052,798	\$ (130,836)	\$4,179,428	\$ 126,630
Supplies	326,464	279,039	271,130	(7,909)	277,920	6,790
Contractual Services	396,635	462,160	528,280	66,120	575,693	47,413
User Charges	1,266,149	1,307,571	1,401,597	94,026	1,451,207	49,610
Capital under \$25,000	57,811	89,832	34,000	(55,832)	34,000	-
Total	\$ 6,058,619	\$ 6,322,236	\$ 6,287,805	\$ (34,431)	\$6,518,248	\$ 230,443
Percent Change				(0.5%)		3.7%

Personnel Services are decreasing \$130,836 or 3% for 2020 due to an anticipated reduction in the fire relief pension payment. Base salary and step increases are included for 2020 and 2021.

Supplies are decreasing \$7,909 or 3% for 2020 as training supplies are now being included in Contractual Services. An increase of 3% is included for 2021.

Contractual Services are increasing \$66,120 or 14% for 2020 due to annual testing of warning sirens, hoses, ladders and pumps, and added firefighter certifications. In addition, an increase in bank service charges is projected due to the growing utilization of credit card payments for ePlan review and business licenses. Even greater increases for these charges are accounted for with a budget increase of \$47,413 or 9% in 2021.

User Charges are increasing \$94,026 or 7% for 2020 due to increased charges from Fleet Services and Information Technology. Fleet Services continues to provide more support to Fire vehicles with additional costs for parts, labor and fuel. The support of iPads was added to the Information Technology user charge, resulting in increased expenses due to the large number of iPads used by the Fire Department. An increase of 4% is budgeted for 2021.

Capital under \$25,000 is decreasing for 2020, as less public safety communications equipment is needed. These expenditures are projected to remain flat for 2021.

Goals, Objectives and Measures

Fire Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Maintain high resident ratings of excellent or good on quality of emergency response time	93%	96%	99%	Fire Public Safety Communications
Partner with businesses and organizations to provide health and wellness training such as CPR and AED	Yes	Yes	Yes	Fire
Maintain high resident ratings of excellent or good on quality of Fire Department services	96%	98%	99%	All Fire Divisions
Maintain the property value saved from fire index with continued quick response times, improved fire education efforts and increased fire suppression systems	92%	92%	92%	All Fire Divisions
Goal – High-Quality Efficient Services				
Objectives				
Implement electronic plan review	n/a	n/a	Yes	Building Inspections
Increase the number of e-building permits issued to improve the efficiency of the permit process for contractors	49%	58%	65%	Building Inspections
Implement e-licensing for rental housing	n/a	n/a	Yes	Fire
Maintain high resident ratings of excellent or good on quality of building inspections	82%	85%	90%	Building Inspections
Goal – Sense of Community				
Objectives				
Host fire open houses at each fire station	n/a	n/a	Yes	Fire
Continue fireside chats at Eden Prairie Senior Center and appoint a liaison	Yes	Yes	Yes	Fire
Continue development of Safety Camp for 3 rd -graders	Yes	Yes	Yes	Fire
Expand pop-up splash pad community events in spring and summer	n/a	n/a	Yes	Fire
Develop diverse firefighter recruit pool by creating a young adult EMT Academy and communicating to high school seniors	n/a	n/a	Yes	Fire

Public Works



Description of Operations

The Public Works Department constructs and maintains the City’s infrastructure. It is comprised of Engineering, Fleet Services, Streets Maintenance and Utilities. Fleet Services expenses are discussed in the Internal Service Fund section of this document, and Utilities expenses are included in the Enterprise Fund section. All other operations are addressed within the General Fund.

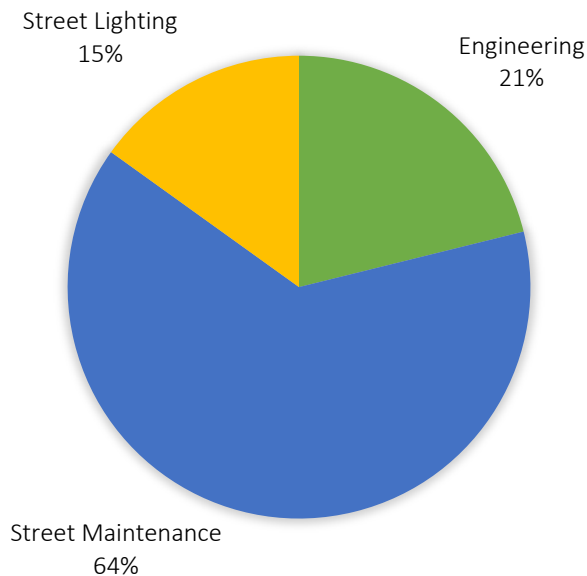
- Engineering oversees the construction of major public infrastructure projects, private development road and utility installations, and is responsible for protecting many of the City’s natural resources. In addition, the Engineering Division manages the City’s Sustainable Eden Prairie Program. This program focuses on education and implementation of sustainable practices in energy, landscape, waste and water to protect the environment.
- Streets maintains the City’s roadway network of over 230 miles, including right of way maintenance, repair of street signs and traffic control systems, as well as street lighting maintenance. Activities include asphalt overlay, seal coats, street sweeping, snow/ice control and roadside mowing.

Budgeted Positions

Public Works	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Engineering	7.5	7.5	7.5	7.5
Street Maintenance	14.0	15.0	15.0	15.0
Total FTEs	21.5	22.5	22.5	22.5

Financial Information

% OF PUBLIC WORKS BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 2,502,674	\$ 2,528,752	\$ 2,698,252	\$ 169,500	\$ 2,790,300	\$ 92,048
Supplies	437,547	457,779	506,360	48,581	507,210	850
Contractual Services	1,502,693	1,682,110	1,737,480	55,370	1,752,330	14,850
User Charges	1,321,502	1,358,699	1,354,328	(4,371)	1,395,289	40,961
Capital under \$25,000	107,719	43,300	57,350	14,050	43,350	(14,000)
Total	\$ 5,872,135	\$ 6,070,640	\$ 6,353,770	\$ 283,130	\$ 6,488,479	\$ 134,709
Percent Change				4.7%		2.1%

Personnel Services are increasing \$169,500 or 7% for 2020 due to an additional 1.0 FTE in the Streets Maintenance Division, \$30,000 for two new part-time employees to run the City's new yard waste drop-off site, and standard wage and benefit increases for the remaining employees. An increase of 3% is budgeted for 2021.

Supplies are increasing \$48,581 or 11% for 2020 primarily due to rising costs of salt and de-icing liquids. Supplies are projected to remain flat for 2021.

Contractual Services are increasing \$55,370 or 3% for 2020 due to operating increases as well as \$25,000 planned for hauling of debris at the new City yard waste site. This category is projected to remain flat for 2021 with an overall 1% budget increase.

User Charges are decreasing slightly for 2020 due to an allocation adjustment to Engineering's Information Technology user charge. An increase of 3% is budgeted for 2021.

Capital under \$25,000 is increasing \$14,050 or 34% for 2020 due to anticipated purchases of monitors, GPS radio receiver, traffic counters and saw trailer. For 2021, these expenditures are reducing back to 2019 levels.

Goals, Objectives and Measures

Public Works Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Provide and maintain a safe transportation system by keeping roadways clear of snow/ice, performing annual bridge inspections and completing roadway improvements in the CIP	Yes	Yes	Yes	Engineering Streets
Inspect, repair and maintain critical storm drainage infrastructure	Yes	Yes	Yes	Engineering Streets
Goal – High-Quality Efficient Services				
Objectives				
Provide a high-quality, efficient transportation system by implementing new roadway rehabilitation treatments and maintaining a pavement condition index rating of 70 or higher (very good or better)	79	75	>70	Engineering Streets
Maintain resident ratings of excellent or good on overall quality of City streets	89%	87%	90%	Engineering Streets
Improve resident ratings of excellent or good on quality of snow removal	89%	85%	90%	Streets
Goal – Innovative and Sustainable Practices				
Objectives				
Continue residential energy conservation program participation (programs include Saver’s Switch, smart thermostat, Home Energy Audits, efficient home construction)	1,412	2,837	3,000	Engineering
Increase the number of renewable energy subscribers	n/a	953	1,500	Engineering
Increase residential electric kilowatt-hour savings through expanded use of energy conservation programs	n/a	3,384M kWh	4,500M kWh	Engineering
Provide means for residents to reduce, reuse and recycle solid waste streams by developing a yard waste drop-off site and an ordinance requiring curbside organics collection	n/a	n/a	Yes	Engineering



INTERNAL SERVICE
FUND SUMMARY

Internal Service Fund Summary

Description of Operations

Internal Service Fund expenses are charged to City departments on a cost-reimbursement basis. This provides a predictable expense stream for those departments and avoids monthly expense fluctuations.

Employee Benefits, Facilities, Information Technology and Property Insurance are Administration Department functions. Fleet Services is part of the Public Works Department.

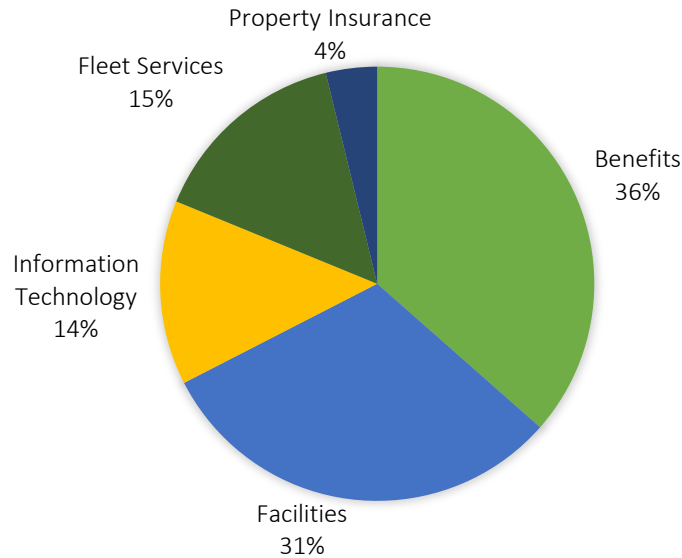
- Employee Benefits includes medical, dental, disability, payroll taxes, public employee retirement (PERA), severance pay and workers' compensation insurance. The City pays public employee PERA benefits for all eligible employees.
- Facilities is responsible for building-related operations, remodeling, and preventive and long-term maintenance of City-owned facilities. These buildings include the City Center, Community Center, Senior Center, Art Center, Outdoor Center, Water Treatment Plant, Maintenance Facility, four fire stations, three liquor stores, 12 park shelters, five historical buildings, and the Housing and Community Services office at Eden Prairie Center.
- Information Technology provides strategic technology direction and manages IT governance processes. Network wellness, application development, computer and phone systems, and technology analysis is coordinated and managed by this division.
- Property Insurance includes the cost to insure City-owned buildings and property including fleet vehicles, as well as property and casualty claims.
- Fleet Services provides and maintains a safe, reliable and efficient fleet of nearly 300 vehicles and equipment. Included in the fleet are police and fire vehicles, snowplows and dump trucks.

Budgeted Positions

Department	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Administration				
Information Technology	6.0	6.0	6.5	6.5
Facilities	10.0	10.0	10.0	10.0
Public Works				
Fleet Services	5.0	5.0	5.0	5.0
Total FTEs	21.0	21.0	21.5	21.5

Financial Information

% OF INTERNAL SERVICE FUND BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Personnel Services	\$ 8,608,261	\$ 8,534,073	\$ 8,752,533	\$ 218,460	\$ 9,240,431	\$ 487,898
Supplies	1,151,117	1,432,992	1,462,500	29,508	1,499,627	37,127
Contractual Services	7,012,809	6,711,768	7,067,692	355,924	7,356,766	289,074
User Charges	-	-	17,420	17,420	18,158	738
Capital under \$25,000	321,715	367,303	359,100	(8,203)	333,703	(25,397)
Depreciation	1,189,650	1,172,418	1,272,226	99,808	1,342,520	70,294
Total	\$ 18,283,552	\$ 18,218,554	\$ 18,931,471	\$ 712,917	\$ 19,791,205	\$ 859,734
Percent Change				3.9%		4.5%

Personnel Services are increasing \$218,460 or 3% for 2020 and \$487,898 or 5% for 2021. More than 75% of the 2021 increase is due to PERA contributions and employee health insurance premiums.

Supplies are increasing \$29,508 or 2% for 2020 and \$37,127 or 2.5% for 2021.

Contractual Services are increasing 5% or \$355,924 for 2020 and 4% or \$289,074 for 2021. Additions to the budget include enhanced functionality for Police's computer aided dispatch software and necessary technology upgrades to Windows 10. The City also budgeted conservatively for utilities with a planned 10% increase in electric. Some of this increase is due to a Community Center aquatics expansion that became fully functional after the last budget cycle was complete. As a result, the 2020 budget is catching up to actual operational costs.

User Charges include property insurance premiums for the City Center building. These costs are reimbursed by City Center lease tenants.

Capital under \$25,000 is expected to decline for 2020 and 2021, as IT has completed the necessary Windows 10 workstation updates.

Depreciation is projected to increase for 2020 and 2021 due to anticipated fleet vehicle purchases.

Goals, Objectives and Measures

Internal Service Fund Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Improve safety of online transactions by ensuring staff use Payment Card Industry (PCI)-standard applications, hardware and processes, update PCI policies, and require annual training for all credit card users	Yes	Yes	Yes	Information Technology
Provide and maintain a safe vehicle fleet by performing annual Department of Transportation safety inspections and assuring operators are trained in daily safety inspection procedures	Yes	Yes	Yes	Fleet Services
Goal – High-Quality Efficient Services				
Objectives				
Ensure City facilities are attractive and safe by performing annual building envelope restoration and replacing aging HVAC infrastructure with efficient technology	Yes	Yes	Yes	Facilities
Maintain high resident ratings of excellent or good on overall appearance of Eden Prairie	96%	95%	95%	Facilities
Upgrade technology to improve functionality, storage and security by moving to Windows 10, replacing workstations on a 5-year cycle, and replacing network core	Yes	Yes	Yes	Information Technology
Enhance fiber network by removing reliance on school district switch for 5 City locations	n/a	n/a	Yes	Information Technology
Goal – Innovative and Sustainable Practices				
Objectives				
Implement solar programs at City Center, Community Center, Water Treatment Plant and Maintenance Facility	n/a	n/a	Yes	Facilities
Provide cost-effective sustainable fleet replacement options to improve annual City fleet fuel efficiency to 40% of 2005 base year measure	39%	31%	>40%	Fleet Services



ENTERPRISE FUND
DEPARTMENT SUMMARIES

TOWER
41



T E.P.F.D. 41

395

Enterprise Fund Department Summaries

Utilities

Description of Operations

Utilities operates and maintains the water, wastewater and stormwater systems.

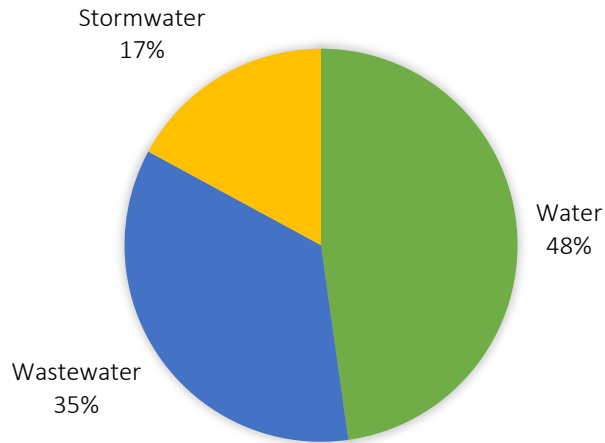
- Water is drawn from the Prairie Du Chien and Jordan aquifers through 15 raw water wells located in the City. Raw water is pumped to the Eden Prairie Water Treatment Plant for purification. Water is distributed to customers through a vast network of water mains, valves and storage reservoirs. The water division is responsible for water sampling and inspections, water wells, water storage, water meter installation, meter reading and repair and water distribution system maintenance.
- The Wastewater division is responsible for the safe collection and removal of sanitary waste. Wastewater is collected through a system of mains and lift stations connected to the Metropolitan Council Environmental Services wastewater interceptors. Raw sewage is transported to the Blue Lake Wastewater Treatment Facility in Shakopee where it is treated and discharged into the Minnesota River. Wastewater operators perform regular maintenance to prevent sewer backups including jetting mains to remove buildup and debris, lift station pump maintenance and collection system maintenance.
- The Stormwater division manages projects to control flooding caused by water runoff, and protects and improves the water quality of wetlands, creeks, and lakes. Eden Prairie is home to diverse water resources, including 17 lakes, 513 wetlands, 177 stormwater ponds, and 3 creek systems. The stormwater system is comprised of channels, ponds, lakes, streams, pipes, curb, gutter and catch basins.

Budgeted Positions

Utilities	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Water Treatment Plant	13.0	13.0	13.0	13.0
Utility Field & Maintenance	17.0	17.0	17.0	17.0
Customer Service & Engineering	7.75	7.75	7.75	7.75
Utility Management	1.75	1.75	1.75	1.75
Total FTEs	39.5	39.5	39.5	39.5

Financial Information

% OF UTILITIES BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Operating						
Personnel Services	\$ 3,924,925	\$ 4,324,192	\$ 4,488,307	\$ 164,115	\$ 4,663,522	\$ 175,215
Supplies	1,170,455	1,375,629	1,242,425	(133,204)	1,272,419	29,994
Contractual Services	7,071,695	7,555,297	7,492,241	(63,056)	7,801,420	309,179
User Charges	631,004	662,776	701,126	38,350	727,649	26,523
Capital under \$25,000	37,884	420,337	483,734	63,397	483,881	147
	<u>\$ 12,835,963</u>	<u>\$ 14,338,231</u>	<u>\$ 14,407,833</u>	<u>\$ 69,602</u>	<u>\$ 14,948,891</u>	<u>\$ 541,058</u>
Non Operating						
Capital Outlay	\$ 1,610,004	\$ 2,022,164	\$ 1,597,000	\$ (425,164)	\$ 1,746,500	\$ 149,500
Depreciation	5,700,296	5,543,295	5,875,428	332,133	5,892,603	17,175
Non-Operating Expenses	76,113	79,745	58,598	(21,147)	23,718	(34,880)
Transfer Out	450,402	460,332	411,468	(48,864)	423,227	11,759
	<u>\$ 7,836,815</u>	<u>\$ 8,105,536</u>	<u>\$ 7,942,494</u>	<u>\$ (163,042)</u>	<u>\$ 8,086,048</u>	<u>\$ 143,554</u>
Total Expenses	<u>\$ 20,672,778</u>	<u>\$ 22,443,767</u>	<u>\$ 22,350,327</u>	<u>\$ (93,440)</u>	<u>\$ 23,034,939</u>	<u>\$ 684,612</u>
Percent Change				(0.4%)		3.1%

Personnel Services are increasing \$164,115 or 4% for 2020 and \$175,215 or 4% for 2021. These increases are due to wage adjustments as well as employee benefit increases.

Supplies are decreasing \$133,204 or 10% for 2020 and increasing \$29,994 or 2% for 2021. The decrease in 2020 is to bring the supply budget in line with 2019 actual expenses, particularly for chemical treatment and equipment repair supplies.

Contractual Services are decreasing \$63,056 or 1% for 2020 and increasing \$309,179 or 4% for 2021. The majority of the 2020 decrease is due to a reduction in the Metropolitan Council Environmental Services (MCES) wastewater user fee.

User Charges are increasing \$38,350 or 6% for 2020 and \$26,523 or 4% for 2021 due to a shift in the Information Technology user charge as Engineering employees are now a part of the Stormwater budget. Capital under \$25,000 is increasing \$63,397 or 15% for 2020 due to water meter upgrades.

Goals, Objectives and Measures

Utilities Goals, Objectives and Measures				
	2016 Actual	2018 Actual	2020 Target	Division
Goal – Community Well-Being and Safety				
Objectives				
Provide and deliver a safe supply of water to customers by ensuring security of Water Treatment plant, wells and storage sites, and ensuring processes meet state and federal water quality standards	Yes	Yes	Yes	Water
Protect public health by providing safe collection and removal of wastewater, perform system maintenance and reduce sources of inflow and infiltration	Yes	Yes	Yes	Wastewater
Refine stormwater modeling to identify critical impact areas to improve storm drainage and natural waterway system	n/a	n/a	Yes	Stormwater
Goal – High-Quality Efficient Services				
Objectives				
Maintain the resident ratings of excellent or good on quality of utility billing	86%	95%	95%	Water
Maintain the resident ratings of excellent or good on the quality of City drinking water	84%	83%	85%	Water
Goal – Innovative and Sustainable Practices				
Objectives				
Maintain a water loss percentage below 10% as recommended by the American Water Works Association through a strong water metering management program, reduction of unmetered water use and system leak detection	7%	8%	8%	Water
Maintain or reduce annual amount of raw water pumped to the treatment plant for purification and distribution to customers	2.59	2.58	<3.45	Water
Through conservation efforts, residential water use per day per capita will be equal to or less than 75 gallons.	77	75	75	Water

Liquor

Description of Operations

The City operates three municipal liquor stores located at Prairie Village Mall, Den Road, and Prairie View Mall. Eden Prairie has the fourth largest municipal off sale operation in the State. Management and supervision of Liquor Operations is provided by the Finance division.



Municipal liquor stores have been in operation since the United States government repealed prohibition in 1933, giving individual states the responsibility and authority to regulate liquor sales. At that time, the Minnesota legislature gave cities the option of issuing liquor licenses to private businesses or providing municipal alcohol dispensing services.

Eden Prairie, along with more than 300 other cities, chose to operate municipal liquor stores. This choice not only allows for greater control over liquor being sold and consumed in the City, but also further diversifies City revenue sources.

Historically, the City's three Eden Prairie Liquor locations have generated between \$700,000 and \$1 million in profit annually. Profits from liquor operations are transferred to the City's Capital Improvement Plan (CIP) fund. Some examples of CIP projects include improvements to playground equipment and parking lots at several City parks as well as trail maintenance throughout the community.

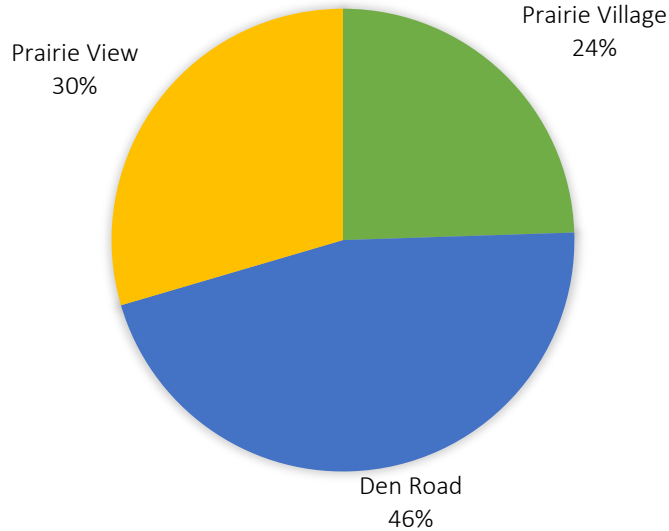
This budget cycle, the City is expecting a profit of \$771,121 and \$831,779 from liquor operations for 2020 and 2021.

Budgeted Positions

Liquor	2018 Actual	2019 Budget	2020 Budget	2021 Budget
Operations Manager	1.0	1.0	1.0	1.0
Purchasing Manager	1.0	1.0	1.0	1.0
Store Managers, Asst Mgrs, Leads	7.0	7.0	7.0	7.0
Total FTEs	9.0	9.0	9.0	9.0

Financial Information

% OF LIQUOR BUDGET



Category	2018 Actual	2019 Budget	2020 Budget	Increase / Decrease	2021 Budget	Increase / Decrease
Cost of Sales	\$ 7,718,631	\$ 8,699,347	\$ 8,268,320	\$(431,027)	\$ 8,559,663	\$ 291,343
Personnel Services	1,070,246	1,172,587	1,235,413	62,826	1,284,444	49,031
Supplies	32,941	39,559	42,893	3,334	44,076	1,183
Contractual Services	805,872	758,217	779,373	21,156	798,890	19,517
User Charges	150,370	157,093	165,200	8,107	173,046	7,846
Capital under \$25,000	10,187	3,500	8,300	4,800	8,300	-
Depreciation	72,357	69,474	35,264	(34,210)	-	(35,264)
Total	\$9,860,604	\$ 10,899,777	\$ 10,534,763	\$(365,014)	\$ 10,868,419	\$ 333,656
Percent Change				(3.3%)		3.2%
Expected transfer to CIP Fund	\$ 800,000	\$ 725,000	\$ 750,000		\$ 775,000	

Cost of Sales is decreasing \$431,027 or 5% for 2020 to bring merchandise purchases in line with 2019 actual sales and purchases. A 3.5% or \$291,343 increase is projected for 2021.

Personnel Services are increasing 5% or \$62,826 for 2020, and 4% or \$49,031 for 2021. The increase is due to changes in wages and benefits.

Supplies are increasing \$3,334 or 8% for 2020 and \$1,183 or 3% for 2021. An increase in wine club events is driving the operating supply budget.

Contractual Services are increasing \$21,156 or 2% for 2020 and \$19,517 or 2% for 2021. This increase is due to additional advertising including Facebook ads and giveaways.

User Charges are increasing \$8,107 or 5% for 2020 and \$7,846 or 5% for 2021 due to additions in the Information Technology budget. Capital under \$25,000 is increasing for 2020 to better match actual 2019 expenses. Depreciation is declining in 2020 and 2021 due to liquor assets reaching full depreciation.

Goals, Objectives and Measures

Liquor Goals, Objectives and Measures			
	2016 Actual	2018 Actual	2020 Target
Goal – Economic Vitality & High Quality Efficient Services			
Objectives			
Maintain average sale per transaction	\$24.05	\$23.96	\$24.25
Increase store traffic measure of number of customer visits	425,679	440,793	450,000
Improve operations by reviewing new point of sale system for online ordering, store pick-up and delivery	n/a	n/a	Yes
Maintain Courtesy and friendliness of staff as measured by the biennial citizen survey	94%	94%	95%
Maintain resident quality of product selection as excellent or good on biennial citizen survey	85%	87%	90%
Review pricing strategy to improve pricing for customers while maintaining profit margins	n/a	n/a	Increased Traffic



SUPPLEMENTAL
INFORMATION

Supplemental Information



History

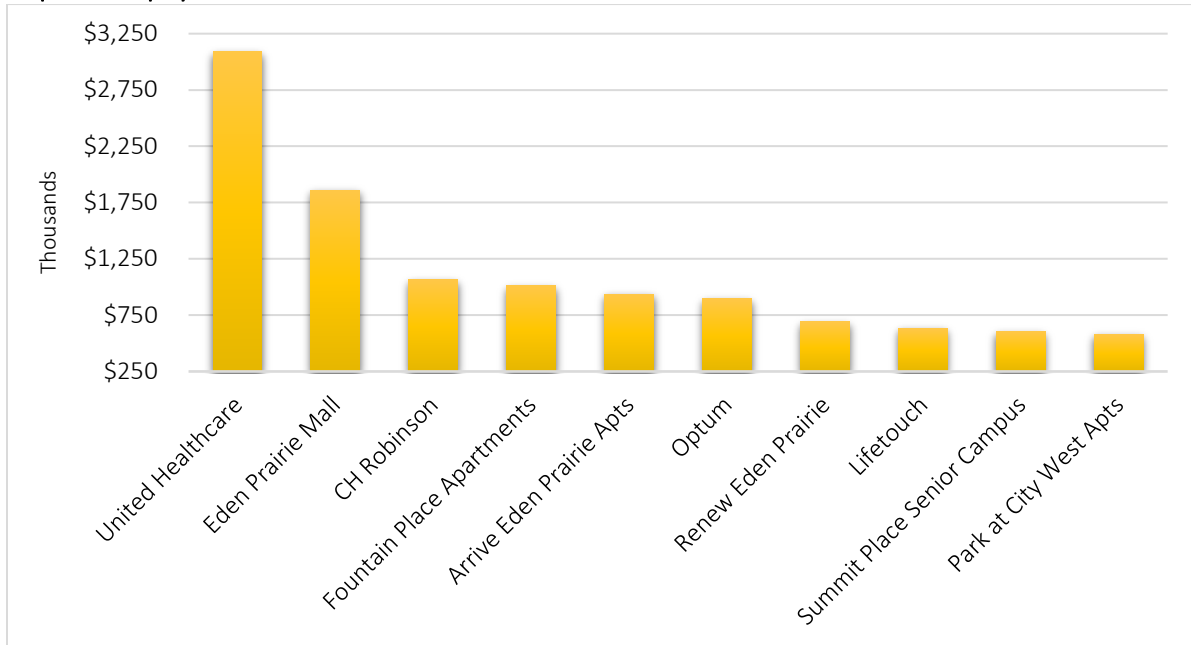
For most of its existence, Eden Prairie was a sleepy, pastoral village on the far southwestern fringes of the Twin Cities area. Between 1880 and 1960, Eden Prairie's population barely changed. During those 80 years, the population increase was only 1,300 people from 739 in 1880 to 2,000 in 1960. By 2000, the population swelled to almost 60,000, a 3,000% increase. It changed from a predominantly agricultural rural area to a thriving, business-rich community that is a highly desirable place to live and work.

The City owes its name to Elizabeth Fries Ellet, an East Coast writer who visited the area and proclaimed it the garden spot of the territory. Native Americans were the first to live in the area. In 1851, a treaty opened land west of the Mississippi River to settlement, allowing pioneers to settle in what is now Eden Prairie.

The town board of Eden Prairie held its first meeting in a log schoolhouse May 11, 1858, the same day Minnesota became a state. In 1929, the first graduating class left the Eden Prairie Consolidated School. Today that building serves as the main office for Eden Prairie School District 272.

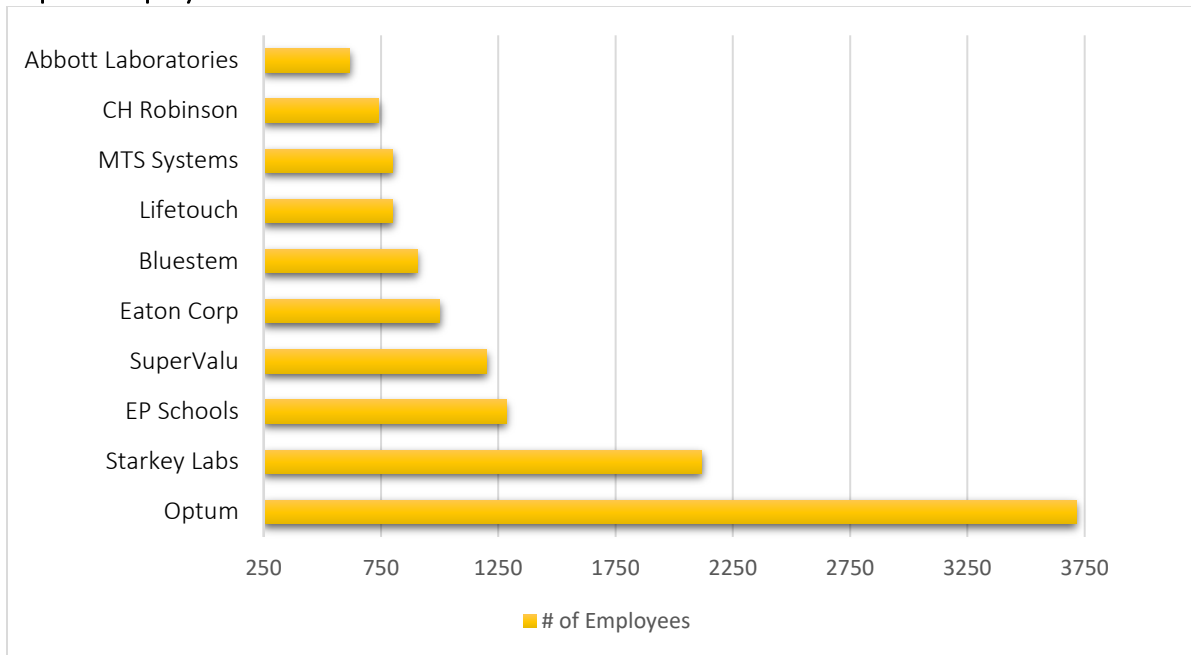
Eden Prairie's farming community grew slowly over the years. Flying Cloud Airport was the first sign of big development in 1946. The 1960s and 1970s were decades of growth for the City's parks and recreation system. In the mid-1970s, the community earned a higher profile with the addition of Interstate 494 and the Eden Prairie Center mall. Today, Eden Prairie is home to more than 2,300 businesses, nearly 25,000 households and over 63,000 residents. It is 36 square miles and 22,594 acres. The Minnesota River forms the southern border and the City is home to 17 lakes, three creeks, 100 miles of multi-use trails, 1,000 park acres and 1,400 acres of preserved open space.

Top-10 Taxpayers



Source: City of Eden Prairie Assessing, 2018

Top-10 Employers



Source: City of Eden Prairie Community Development, 2018

Population and Unemployment Rate

Year	Population	Unemployment Rate
2011	61,151	5.2%
2012	62,004	4.6%
2013	62,004	4.0%
2014	62,729	2.4%
2015	62,593	2.3%
2016	63,187	2.9%
2017	63,163	2.4%
2018	63,726	2.6%
2019	63,456	2.3%

Source: Met Council, Minnesota Local Area Unemployment Statistics File and Minnesota Department of Employment and Economic Development



City Statistics

	2014	2015	2016	2017	2018
General Government					
Bond Rating - Moody's Investor Service	Aaa	Aaa	Aaa	Aaa	Aaa
Bond Rating - Standard & Poors	AAA	AAA	AAA	AAA	AAA
Housing and Human Services					
Number of Residents Served	3,500	3,500	3,500	3,750	3,975
Assessing:					
Number of Appraisals Completed	5,291	5,320	5,066	5,061	4,908
Parks and Recreation					
Avg Monthly Community Center Memberships	n/a	n/a	2,511	2,688	2,608
Program Registrations (Excludes Leagues)	18,269	17,531	15,701	17,161	17,972
Public Safety					
Fire					
Number of Calls	1,614	1,617	1,615	1,742	1,908
Inspection Permits Issued	7,469	6,405	5,997	6,227	6,436
Building permit revenue	\$3,496,417	\$3,059,075	\$2,303,405	\$2,066,787	\$3,388,529
Police					
Number of Calls	50,380	49,921	50,741	46,319	52,278
Public Works					
Patching Materials (Tons)	2,400	1,555	2,370	1,650	1,700
Overlays (Tons)	26,488	29,602	23,070	28,856	29,852
Crack Filling Materials (Lbs)	154,944	32,000	68,000	42,000	31,920
Seal Coating (Sq Yards)	375,500	411,700	381,600	405,425	365,907
Water System					
Number of Connections	19,269	19,312	19,362	19,426	19,426
Water Main Repairs	9	28	53	30	18
Number of Hydrant Flushed	4,326	4,311	4,515	4,360	4,395
Average Daily Usage	7.25 MGD	6.99 MGD	7.07 MGD	7.06 MGD	7.08 MG
Sewer System					
Number of Connections	18,578	18,644	18,707	18,865	18,925
Miles of Sanitary Sewer Cleaned	75	81	81	76	65
Storm System					
Number of Storm Sumps Maintained	103	78	91	88	97





GLOSSARY

Glossary

Accrual Basis of Accounting — The method of accounting under which revenues are recorded when they are earned (whether or not cash is received at that time) and expenditures are recorded when goods and services are received (whether cash disbursements are made at that time or not).

Adopted Budget — The financial plan of revenues and expenditures for a fiscal year as adopted by the City Council.

Appropriation — An authorization made by the legislative body of a government, which permits officials to incur obligations against and to make expenditures of governmental resources. Appropriations for fixed amounts and are typically granted for a one-year period.

Assessed Valuation — A value established by the City Property Appraiser for all real or personal property for use as a basis for levying property taxes.

Assets — Property owned by a government with monetary value.

Balanced Budget — When expenditures are offset by an equal amount of revenue in the General Fund.

Bond — A written promise to pay (debt) a specified sum of money (called principal or face value) at a specified future date (called the maturity date(s) along with periodic interest paid at a specified percentage of the principal (interest rate). Bonds are typically used for long-term debt.

Budget — The financial plan for the operation of a program or organization, which includes an estimate of proposed expenditures for a given period and the proposed means of financing those expenditures.

Budget Calendar — The schedule of key dates involved in the process of adopting and executing an adopted budget.

Budget Document — The official written document prepared by the Finance Division, which describes the adopted financial plan.

Budget Message — A general discussion of the budget presented in writing as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years.

CAFR — Comprehensive Annual Financial Report

Capital Assets — Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets.

Capital Budget — A plan of proposed capital expenditures and the means of financing them. The capital budget is usually enacted as part of the complete annual budget, which includes both operating and capital outlays.

Capital Improvement Plan (CIP) — A plan for capital expenditures to be incurred each year over a fixed period of several future years setting forth each capital project, identifying the expected beginning and ending date for each project, the amount to be expended in each year, and the method of financing those expenditures.

Capital Outlay — Expenditures for the acquisition of capital assets.

Capital Project Fund — Capital projects funds are used to account for all financial resources that are restricted, committed, or assigned to expenditures for capital outlay, other than those financed by proprietary funds.

CDBG — Community Development Block Grant

CIP — Capital improvement Plan

City Council — The elected body of members making up the legislative arm of local government in Eden Prairie.

Contingency — A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted for.

Debt Service — Payment of interest and repayment of principal to holders of a government's debt instruments.

Debt Service Fund — Debt service funds account for all financial resources that are restricted, committed or assigned to expenditures for principal and interest.

Deficit — (1) The excess of an entity's liabilities over its assets (See Fund Balance); (2) the excess of expenditures or expenses over revenues during a single accounting period.

Depreciation — (1) Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy or obsolescence; (2) that portion of the cost of a capital asset which is charged as an expense during a particular period.

Enterprise Funds — Funds maintained on the accrual basis. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period in which the liability is incurred.

Estimated Market Value — Represents the selling price of a property if it were on the market. Estimated market value is converted to tax capacity before property taxes are levied.

Expenditures — Where accounts are kept on the accrual or modified accrual basis of accounting, the cost of goods received or services rendered whether cash payments have been made or not.

Fiscal Disparities — The program created by the Metropolitan Fiscal Disparities Act, which shares growth in the commercial-industrial tax base in the seven-county metropolitan area. Forty percent of the value of new commercial-industrial development since 1971 is pooled and redistributed among approximately 300 taxing districts to address disproportionate business development throughout the region.

Fiscal Year — A 12-month period to which an annual operating budget applies. The Eden Prairie fiscal year is from Jan. 1 to Dec. 31.

Franchise Fee — The right or license granted to an individual or group to market a company's goods or services in a particular territory.

FTE (Full-Time Equivalent) — Represents one employee working full time

Fund — An independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives.

Fund Balance — The excess of a fund's assets over its liabilities. A negative fund balance is sometimes called a deficit.

GAAP — Generally Accepted Accounting Principles.

GASB (Governmental Accounting Standards Board) — It is the highest source of accounting and financial reporting guidance for state and local governments.

General Fund — The General Fund is the City’s primary operating fund. It accounts for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects. It carries the basis activities of the City including Administration, Community Development, Parks and Recreation, Police, Fire and Public Works.

General Obligation Bonds — When a government pledges its full faith and credit to the repayment of the bonds it issues, then those bonds are general obligation (GO) bonds. Sometimes the term refers to bonds that are to be repaid from taxes and other general revenues.

GFOA (Government Financial Officers Association) — The professional association of state and local finance officers in the United States who are dedicated to the sound management of governmental financial resources. The association sets standards to the GFOA’s Certificate of Achievement for Excellence in Financial Reporting.

Governmental Funds — Funds maintained on a modified accrual basis with revenues recognized in the accounting period in which they become available and measurable. Expenditures are recognized in the accounting period in which the fund liability is incurred.

Internal Service Fund — Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost-reimbursement basis.

Levy — To impose taxes, special assessments, or service charges or the amount of those taxes, special assessments or charges.

LOGIS — Local Government Information Systems Association is a consortium of 44 Minnesota local government units that supports its members’ technology needs.

LRT — Light Rail Transit

Measures — A quantitative or qualitative tool to analyze progress, reprioritize goals and ensure success

Modified Accrual Basis — The basis of accounting under which expenditures other than accrued interest on general long-term debt are recorded at the time liabilities are incurred, and revenues are recorded when received in cash except for material and/or available revenues, which should be accrued to reflect properly the taxes levied and revenue earned.

Net Assets — The difference between program revenues and expenses.

Objectives — A statement outlining priorities that supports achieving a Citywide goal.

Operating Budget — Financial plan for the fiscal year which authorizes proposed expenditures and the revenues to finance them.

Pavement Management Program — This is a street overlay and construction program that provides for the systematic maintenance and replacement of the streets.

PERA — Minnesota Public Employee Retirement Association

Personnel Services — The costs related to employee services including wages and benefits

Proposed Budget — Budget as submitted by the City Manager to the City Council

Revenue — The term designates an increase to a fund's assets which does not increase a liability (e.g., proceeds from a loan), does not represent a repayment of an expenditure already made, does not represent a cancellation of certain liabilities, and does not represent an increase in contributed capital

Special Assessment — A compulsory levy on certain properties to defray a portion of or all costs of a specific improvement or service deemed to primarily benefit those properties.

Tax Rate — Rates at which estimated market values are converted into the property tax base. The classification rates are assigned to properties depending on their type (residential, commercial, farm, etc.) In some cases, there are two rate tiers that increase as the estimated market value increases.

Tax Levy — Property taxes certified to the County Auditor.