

# CITY OF CHASKA

State of Minnesota

## 2010 BUDGET

For the Fiscal Year Ending December 31, 2010

Adopted by Chaska City Council on:  
December 21, 2009

City of Chaska  
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# City of Chaska 2010 Budget

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# ***City of Chaska 2010 Budget***



## **2010 Annual Budget**

### **To the Citizens of Chaska, Honorable Mayor, and Chaska City Council:**

Submitted for your review is the proposed 2010 Annual Budget for the City of Chaska, along with a review of major issues and opportunities relating to the City's general operations. The budget, as proposed, I believe meets the needs for continuing to provide excellent municipal services, while at the same time meeting the City's objectives that we have established during the budgeting process.

### **2009-2010 Revenue Issues**

There were many significant revenue issues the City of Chaska needed to address as it related to the preparation of this 2010 budget. Specifically, these issues related to a significant reduction in revenues compared to our financial forecast brought on because of a number of changes including reductions in taxable market values, a significant decrease in building activities in the community, as well as the State un-allocating Local Government Aid and Market Value Homestead Credit dollars to municipalities that were budgeted for and expected.

Between 2009 and 2010, the City of Chaska identified just over \$1 million in revenue shortfall, with \$320,000 coming in 2009 compared to what was budgeted, and approximately \$740,000 in 2010 compared to what was in the City's last five-year financial forecast.

To address these issues, in 2009, the City reduced expenditures by \$321,395, and deferred another \$68,000. This came through the elimination of 3 positions in our Community Development Department, and reductions in our street maintenance activities. In 2010, the proposed budget includes \$296,000 in expenditure reductions, and \$253,000 in deferment of planned expenditures. There was also the addition of \$200,000 of revenue from additional sources, such as the Storm Water Utility to help support our Storm Water Maintenance activities in the General Fund.

Between these reductions in both 2009 and 2010, Staff feels that we are able to adequately address the revenue issues we are currently experiencing.

### **Budget Objectives**

After identifying the revenue issues for both 2009 and 2010 that the City is facing, the first step Staff took in the preparation of the 2010 budget was to establish a set of objectives to guide the preparation of the general fund budget. Below, is list of those objectives that were used in both the 5-year financial forecast process and the goals that were used in the establishment of the 2010 budget:

- 1) Maintain existing service levels recognizing that certain service levels need to be increased based on population growth and increased demands*
- 2) Maintain a constant tax capacity rate through the planning period*
- 3) Fully fund the replacement of the City's existing capital investments*

- 4) *Fund resources for new programs only after existing, necessary programs are funded*
- 5) *Address the implications of levy limits on local governments, while keeping services provided at levels expected by residents*

In addition to these budget objectives that we have utilized over the past several years, there were three additional primary objectives that Staff focused on when putting together the 2010 budget. These included:

- 1) *Maintain existing service levels for residents, assuring that any reduction in service level is directly associated with a decreased need for that service (i.e. Reductions made in Building Inspections related directly to a decreased need for the service level being provided-able to make change without negative impact to residents and businesses)*
- 2) *Fully fund the levy needs associated with the Street Reconstruction Program, allowing the City to restart this program*
- 3) *Budget for no draw-down on General Fund Reserves*

Each of these additional objectives specifically addresses the issues the City will need to pay particular attention to in 2010, especially given the downturn in the economy and the revenues generated by the City.

### **Key Factors in Revenue Forecast**

Key factors which impact both the cost of providing services and the City's revenue resources are changes in Chaska's population and households. As the number of households in the community increases, there are increased demands for street maintenance, snow plowing, park usage, recreation, police calls, utility bills, etc. Population and household levels also impact expected revenues from utilities, building permits and property tax levies.

A significant trend that occurred in the early part of this decade was the increased rate of residential development in the City. In the 1990s, Chaska's residential development remained relatively stable, with an average of 200 new living units per year.

Year	# of Households	# of New	Est. Pop.
1999	5929	254	14,823
2000	6374	445	15,935
2001	6789	415	16,973
2002	7304	515	18,260
2003	7773	469	19,433
2004	8249	476	20,623
2005	8517	268	21,293
2006	8718	201	21,795
2007	8948	230	22,370
2008	9138	190	22,845
2009	9162	24	22,905
2010	9360	198	23,400
2011	9441	81	23,603
2012	9600	159	24,000
2013	9776	176	24,440
2014	9998	222	24,995

During that time period Chaska's population increased from 11,339 to 17,450. From 2001 to 2005, in excess of 2400 new living units were approved within new residential subdivisions. In addition, the type of developer shifted from local developers to large national firms. As a result of both increased demand and supply of residential dwellings, a significant increase in new residential dwelling construction activity occurred in the 2003-2005 time period.

Over the past 4 years however, residential development in the metro area has decreased significantly as a result of both over-building and a general downturn in the economy. At the same time, the supply of new available lots within the Chaska area has decreased, resulting in a significant downturn in building activity. We have continued to see no new significant residential development come through the planning process this year, while the lots that were previously developed, but not built upon, have sold at rates slower than expected.

This trend, combined with a delay in anticipated development of Chaska Township, Staff believes will result in a continued decrease in new housing units in 2010, with 198 units being planned for in this budget year. This is expected to come mostly through the addition of two new multi-unit residential buildings. While we do anticipate that in 2010 housing starts will continue to be low, we do anticipate that there will be several significant projects that do start construction, such as the Goodman Group's Senior Living project, and The Landing (Block 53 Redevelopment). We also anticipate that there will be the start of some industrial development in the community, as job growth is a primary objective of the Council.

**An analysis of general fund revenues by major fund source:**

Total revenues anticipated to finance the 2010 General Fund operating budget are \$9,672,965, which is a slight increase of 0.3% from the 2009 budget of \$9,669,305.

	2007	2008	2009	2010		
	Actual	Actual	Budget	Budget	Increase	%Increase
<b>Property Tax</b>	\$3,022,812	\$3,194,743	\$3,904,961	\$4,385,449	\$480,488	12.3%
<b>Electric Franchise Fees</b>	2,249,000	2,309,000	2,344,000	2,380,000	\$36,000	1.5%
<b>Other Franchise Fees</b>	188,831	209,021	182,475	209,000	\$26,525	14.5%
<b>License and Permits</b>	540,659	722,137	790,870	647,921	(\$142,949)	-18.1%
<b>Intergovernmental</b>	720,698	715,757	993,928	478,899	(\$515,029)	-51.8%
<b>Other Revenues</b>	1,691,062	1,701,935	1,167,896	1,213,696	\$45,800	3.9%
<b>Transfers In</b>	458,004	280,174	285,174	358,000	\$72,826	25.5%
<b>Total Revenue</b>	<b>\$8,871,066</b>	<b>\$9,132,767</b>	<b>\$9,669,304</b>	<b>\$9,672,965</b>	<b>\$3,661</b>	<b>0.0%</b>

## Property Taxes:

For 2010 the general fund budget requires a total levy of \$4,880,354, which is an increase of 7.8% from 2009. This total levy will have three components, including:

- Special levy of \$260,000 that covers the additional added expense of \$250,000, which is going directly to fund the restart of the Street Reconstruction Program.
- \$6,000 for the Mt. Pleasant Cemetery levy
- \$4,620,354 which is the general tax levy that supports the operations of the General Fund and our General Fund equipment acquisition scheduled purchases for 2010. The portion that goes to our General Fund Budget is \$4,385,449 with the remaining portion going to Equipment Acquisition.

The major portion of the increase in levy comes directly from the Special Levy that will support the restart of the Street Reconstruction program, with the remaining increases seen because of an increase in net tax capacity within the City. The following table summarizes Chaska's actual tax levies for 2008 and 2009, along with the proposed 2010 levy, by each of these funds.

	2008	2009	2010	Increase	%
General	\$ 3,867,226	\$ 3,904,961	\$ 4,385,449	\$ 480,488	
Equipment Acq	\$ 440,174	\$ 618,109	\$ 228,905	\$(389,204)	
Mt Pleasant	\$ 6,000	\$ 6,000	\$ 6,000	\$ -	
Special Levy (Street Program)	n.a.	n.a.	\$ 260,000	260,000	
<b>Total Operating and Special Levy</b>	<b>\$ 4,313,400</b>	<b>\$ 4,529,070</b>	<b>\$ 4,880,354</b>	<b>\$ 351,284</b>	<b>7.8%</b>

To understand the impact of the tax levy on individual taxpayers, three factors must be analyzed:

- Market Value Changes
- Changes in the Tax Capacity Formulas Established by the State Legislature
- The City's Tax Levy

Overall, Chaska's market values, excluding tax exempt property, increased by \$7,427,700 to \$2,475,365,500, an increase of 0.3%. Increases in new construction value, and increases in the value of Commercial/Industrial existing property values is where we saw the largest increase in property values, balancing out the decreases that we saw in residential market values and undeveloped land ("Other").

	2008 Market Value	2009 Market Value	\$ Increase	% Increase	2009 New Construction	Existing Property Change	Existing Property Change
Residential	\$ 1,821,753,500	\$ 1,798,021,000	\$ (23,732,500)	-1.3%	\$17,382,100	\$ (41,114,600)	-2.3%
Comm/Industrial	\$ 390,016,400	\$ 433,738,300	\$ 43,721,900	11.2%	\$9,583,200	\$ 34,138,700	8.8%
Apartment	\$ 96,601,400	\$ 107,334,000	\$ 10,732,600	11.1%	\$9,812,700	\$ 919,900	1.0%
Other	\$ 159,566,500	\$ 136,272,200	\$ (23,294,300)	-14.6%	\$51,700	\$ (23,346,000)	-14.6%
<b>Total</b>	<b>\$ 2,467,937,800</b>	<b>\$ 2,475,365,500</b>	<b>\$ 7,427,700</b>	<b>0.3%</b>	<b>\$36,829,700</b>	<b>\$ (29,402,000)</b>	<b>-1.2%</b>

Above is a chart illustrating the market value changes we saw in 2009, for taxes payable 2010:

Using the 2009 market values and the classification formulas established by the State, the County Auditor has calculated Chaska's 2009 (for taxes payable 2010) gross tax capacity to be \$27,947,051 an increase of 1.4%. To calculate the net tax base used for determining Chaska's tax rate, a reduction must be made for captured tax increment and fiscal disparity contributions. Our current captured TIF value is \$5,656,072 with Chaska's fiscal disparities contribution for 2009 being \$2,973,467, resulting in a net tax capacity of \$19,017,353, an increase of 1.0%

	2008	2009	2010	Increase	%
Gross Tax Capacity	\$ 27,471,809	\$ 27,574,101	\$ 27,947,051	\$ 372,950	1.4%
TIF	\$ 2,640,100	\$ 2,829,823	\$ 2,973,467	\$ 143,644	5.1%
Fiscal Disparities	\$ 5,463,817	\$ 5,624,915	\$ 5,656,072	\$ 31,157	0.6%
Other	\$ 241,479	\$ 288,328	\$ 300,159	\$ 11,831	4.1%
<b>Net tax capacity</b>	<b>\$ 19,126,413</b>	<b>\$ 18,831,035</b>	<b>\$ 19,017,353</b>	<b>\$ 186,318</b>	<b>1.0%</b>

Based on these estimates, Chaska's 2010 tax rate is forecast to be 22.036% (including the .325% HRA levy. This is an increase in our tax rate of 6.1%; with the majority of this tax rate increase directly associated with the special levy of \$260,000 which will go to our added expense of \$250,000 which is the annual tax levy need to restart our Street Reconstruction Program. Even with this change in tax rate, Chaska maintains one of the lowest tax levies per capita of any City in the metropolitan area. It remains the lowest of any City in Carver County as well.

A major concern of property taxpayers is the level of property taxes necessary to fund City services. In considering property taxes in Chaska, three points should be highlighted. First, property taxes account for less than 45% of Chaska's general fund operating revenues. Secondly, Chaska has always ranked extremely low amongst other metropolitan cities when it comes to total City property tax levels. In the latest Minnesota Citizen's League Survey looking at 2008 City tax rate data, out of 102 local units of government looked at in the metropolitan area, Chaska ranked 94 in City tax rates. Even given the changes that we are seeing in our tax rate to fund the restart of our Street Reconstruction Program, Chaska still ranks 90 in City tax rates, and this is compared to the 2008 data. In this sense, Chaska has continued to perform very well when comparing our City property tax level compared to all of communities in the

metropolitan area. It has allowed the City to keep a competitive edge when it relates to other municipalities in the metropolitan area and Carver County.

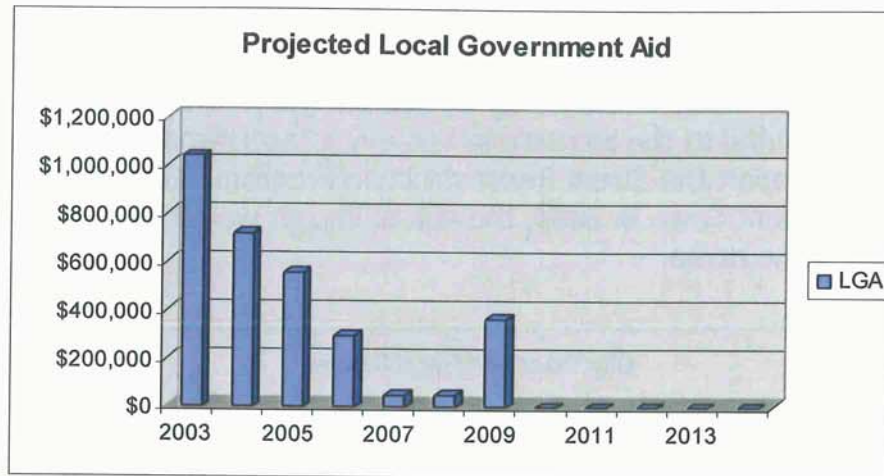
As you will see in the chart below, if a home stayed constant at the value of \$200,000, the City taxes on this home would go up by \$28 per year. This is the dollar amount that is mainly attributed to the increase in tax levy to accommodate for the \$250,000 in tax levy need to support the Street Reconstruction Program. Given that most residential values went down in 2009, the actual impact would be less than \$28 annually to this same home.



**Intergovernmental Revenues:**

One of the most significant challenges in preparing the 2010 Budget has been addressing the significant loss of local government aid following the 2003 Legislative session. In addition to this dramatic change in Local Government Aid lost since 2003, cities have also had to deal with the un-allotment of dollars from the State that were committed in both 2008 and 2009 to receive in LGA. In 2008 and 2009, the City of Chaska had \$260,000 in LGA and Market Value Homestead Credits un-allotted. While the City is scheduled to receive an allotment of both LGA and MVHC in 2010, our General Fund budget assumes we will receive neither, as this is an unreliable source of income for the City. If we were to receive these dollars in 2010, we would put them directly into General Fund reserves to help increase our percentage of reserves compared to our General Fund budget.

The following graph depicts the impact of the Legislative changes on Chaska's LGA revenue.

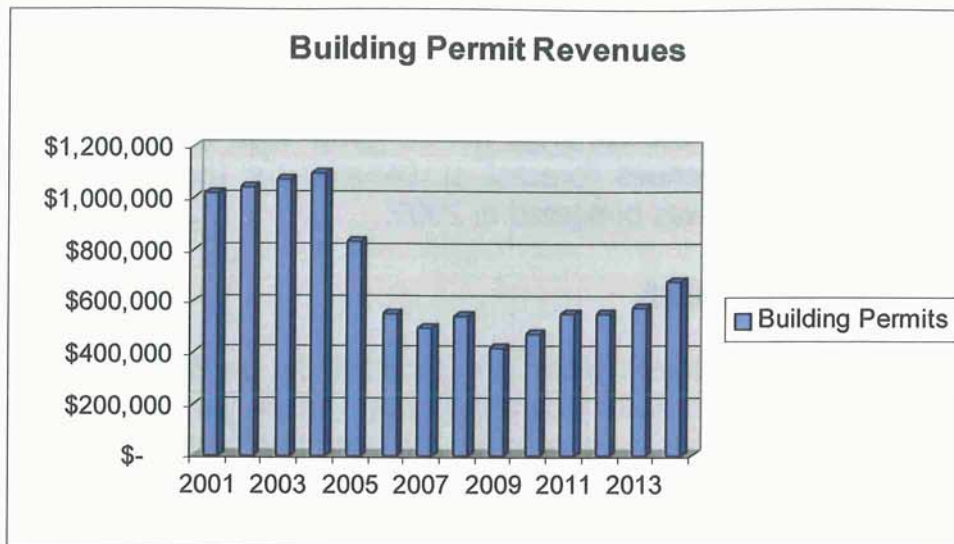


It should be noted that the special levy that is being proposed to fund the Street Reconstruction Program levy requirements is utilizing the special levy authority the State gave cities this year to recoup un-allotted LGA/MVHC in both 2008 and 2009. As stated before, the amount un-allotted was \$260,000 in 2008 and 2009, thus the \$260,000 special levy the City will be utilizing to fund this Street Reconstruction cost.

The other significant inter-governmental revenue is payments received from the Chaska School District for school liaison officers. In 2009, there was a reduction of one SRO officer position, bringing the total down to 3 officers. Under our agreement with the District, they pay 50% of the school liaison officer program, which for 2010 is estimated to be approximately \$140,000.

### Licenses and Permits

Over the past 3 years, Chaska and the rest of the metropolitan area, has experienced a dramatic slow down in not only residential development, but development in all sectors of the market. As a result of the downturn, building permit revenues have dropped significantly. Up through 2005, this revenue source was over \$1 million per year, and in 2009 brought in approximately \$425,000. This slowdown in the market is anticipated to continue for the foreseeable future, although Staff does believe that we will stay relatively constant at approximately \$478,000 in permits for 2010. This reduction in revenue was one of the key challenges not only for putting together the 2010 budget, but for also keeping in budget for our 2009 budget. Due to these challenges, the City did eliminate 3 positions from the Community Development Department in 2009 to address the reduction in revenue including 2 Building Inspector positions and 1 Community Development Technician.



**Electric Fund Transfers**

The City has a formal policy of charging electric distribution suppliers, including itself, a franchise fee of \$.00845 per kilowatt-hour, which is equivalent to 10% of the total electric rate of the electric utility. For 2010 the franchise fee is anticipated to generate revenues to the general fund of \$2,380,000. This is over \$200,000 lower than what was planned in the 5-year financial forecast for 2010, but was reduced to be more consistent with the actual amount of electric sales we have averaged over the past two years.

The electric fund continues to be a significant revenue source, accounting for 27% of total 2010 general fund revenues. It also makes contributions to the General Fund of \$105,000, and the equipment acquisition fund of \$150,000 to help reduce the overall tax burden to our residents. These dollars became possible to utilize for funding the General Fund to the addition of Power Plant #2, which became operational in 2001.

**Charges for Services:**

Charges for services are those revenues, which support City services that are derived from charges to individual users for services, other governmental agencies, or inter-fund charges for administrative services. These would include payroll, finance, administration and Human Resources. For 2010, charges for services are anticipated to be \$708,585, as compared to \$547,653 in 2009. This increase in charges for services increased for 2010 because they had not been changed in quite some time, and were not keeping up with the actual cost of service the General Fund was providing to our other Enterprise Funds. The following is a breakdown of the charges to the various departments.

- Economic Development: \$162,000
- Utilities: \$366,000
- Community Center: \$59,000
- Golf: \$75,000
- Municipal Services (MSB): \$46,000

## Interest Earnings:

In 2010 we are anticipating that interest rates will continue to stay at very low levels and that average interest rate earnings will be lower than in 2009. This change will result in interest rate revenues forecast at \$49,400 for the General Fund in 2010 compared to \$65,292 that was budgeted in 2009.

## General Fund Expenditures:

General fund operating expenditures are forecast to be \$9,672,965, which is an increase of 1.18% over the 2009 Operating Levy. In preparing the 2009 budget the following general assumptions were used for the operating budget:

- *On average, personal costs would increase at an overall rate of 1.5% in 2010, down from the 3.5% that was budgeted in 2009*
- *Operating costs would increase at a rate of 2%*
- *The City would maintain its current levels of service, only reducing in areas where we have seen a reduction in the need for services (i.e. Community Development reductions)*
- *The City would fully fund its equipment replacement schedule*

Debt service costs for new facilities, particularly those for the fire station and an addition to the municipal services building will be funded from sources other than general property tax levies.

In addition to the operating levy and tax dollars going into the Equipment Acquisition Fund, there is also the addition of the Special Levy of \$260,000 to support the levy need for the restart of the Street Reconstruction Program.

The following is a summary for 2010 expenditures by department.

Department	2007 Actual	2008 Actual	2009 Budget	2010 Budget	Increase	%Increase
Council	\$ 135,341	\$ 113,286	\$71,267	\$109,778	\$38,511	54.04%
Administration	\$ 288,964	\$ 271,569	\$340,956	\$285,066	-\$55,890	-16.39%
Administrative Services	\$ 703,428	\$ 752,777	\$843,725	\$840,117	-\$3,608	-0.43%
Data Processing	\$ 269,598	\$ 235,025	\$256,215	\$266,948	\$10,733	4.19%
Legal	\$ 68,156	\$ 66,683	\$59,502	\$120,700	\$61,198	102.85%
Community Development	\$ 828,173	\$ 922,872	\$753,220	\$770,461	\$17,241	2.29%
Engineering	\$ 233,573	\$ 257,637	\$243,216	\$244,369	\$1,153	0.47%
Elections	\$ 2,751	\$ 23,117	\$11,987	\$26,217	\$14,230	118.71%
Police	\$2,569,948	\$2,806,636	\$2,807,108	\$2,850,209	\$43,101	1.54%
Fire	\$ 672,384	\$ 698,355	\$733,372	\$668,499	-\$64,873	-8.85%
Government Buildings	\$ 220,948	\$ 221,922	\$257,079	\$334,948	\$77,869	30.29%
Public Works	\$2,332,388	\$2,435,655	\$2,537,492	\$2,456,404	-\$81,088	-3.20%
Recreation	\$ 419,461	\$ 448,556	\$466,795	\$475,244	\$8,449	1.81%
Communication	\$ 100,350	\$ 75,141	\$73,455	\$83,372	\$9,917	13.50%
Unallocated	\$ 42,246	\$ 67,757	\$ 105,092	\$140,633	\$35,541	33.82%
<b>Total</b>	<b>\$8,887,709</b>	<b>\$9,396,988</b>	<b>\$ 9,560,481</b>	<b>\$ 9,672,965</b>	<b>\$112,484</b>	<b>1.18%</b>

It should be noted that the large percentage increase in Legal expenses has to do not with an increase in the actual legal expenses the City will budget to have in 2010, but instead on how the State of Minnesota remits fine revenue to municipalities now, and how that relates to our prosecution contract with the County. In the past, the City only used to receive their 1/3 of the fine revenue collected, and then utilized that to pay the County prosecution contract. The State now remits both the County's and the City's share of the fine revenue to the City directly, with the City then remitting half of this to the County, with the City's share still being used to pay the County prosecution contract. This has the effect of both increasing the revenues, but also the expenditures overall. While this is occurring, it is not changing what we had proposed for legal services previously in the 5-year forecast.

### **Specific Department 2010 Activities**

#### **Administrative Services**

For 2010, there are no proposed changes to staffing levels in the Administrative Services Department. While the 5-year plan did originally plan for the addition of a Budget Analyst position, this was deferred until 2011 for consideration due to the revenue issues we are experiencing for 2010.

While there are no changes proposed for staffing, we do anticipate the need to upgrade the Citywide accounts payable and receivable system in the future, and as a result we have set aside \$10,000 in the 2010 Equipment Acquisition budget to ultimately upgrade this system. These have been dollars we have set aside in our general fund for the past several years. The copier replacement was deferred from 2010 to 2011.

#### **Community Development**

As indicated previously, we have experienced a dramatic slowdown in the volume of building activity in the community, especially in the residential market. As a result, we are forecasting the addition of 198 new residential units in 2010, as opposed to our past experience of 400-500 living units during the middle parts of this decade. We do, however, anticipate that there will be some commercial/industrial projects in 2010, which will help supplement the loss of building permit revenue we have experienced because of the decrease in residential building activity.

For this reason, we are anticipating building permit revenues of approximately \$478,000, which is relatively consistent with the amount we received in 2009. As mentioned previously, with the decrease in the volume of building permit activities in this department, we did move to eliminate 3 positions in this department at the beginning of 2009, including two building inspectors and the community development technician. We continue to show in the 2010 budget that these positions are not funded. The remaining Building Inspectors in this department picked up the duties of this technician position, and some of the smaller building inspection duties were shifted over to the Fire Marshal position to help manage overall workload in the department.

Although over the past several years the City has experienced a significant increase in infrastructure improvements, and we will be completing the reconstruction of the North

Meadows neighborhood and the overlay of Hundertmark Road, the Sandy Acres neighborhood and the Valley View neighborhood, the current engineering staffing level of full time engineer and assistant engineer are recommended to remain constant. As in the past, any additional workload in this department will be picked up by the City's consulting engineering firm, with costs funded directly by projects.

## **Police**

Some years ago, the City Council established a staffing guideline in the Police Department of one officer per one thousand residents. Although this level is slightly less than the average of 1.2 officers per 1000, for similar sized communities, it was felt to be appropriate for Chaska's needs. Currently, the Department has 24 licensed officers, which is close to our target given our projected population numbers for 2010. Because of this, we have not planned for the addition of any new staff in this department for 2010.

Through the five-year program, we do anticipate that growth in new residents is going to be slower than we had originally expected. Given that, we have programmed in the budget the addition of our next new officer in 2012. However, we will be watching our population numbers to make sure that we do not have to shift those dates given what we see in our actual population growth.

For over 20 years, the City has maintained a partnership with the Chaska School District by sharing equally in the cost of school liaison officers who work within the school system. Currently, the school three full-time liaison officers, with one assigned to the high school and the others assigned to support activities in the junior high and elementary grades. This number is down from the 2008-2009 school year in which the School District funded 4 positions. This number is scheduled to stay at 3 officers for 2010, which will bring in approximately \$140,000 of revenue into the General Fund.

The original equipment acquisition plan had anticipated replacing five vehicles in 2010. We have revised that schedule to include the purchase of 3 new squads in 2010 to replace 3 squads that are in need of replacement.

## **Fire Department**

Currently, the Fire Department has an authorized staffing level of 44 volunteers, although because of retirements on the department, the actual staffing level is currently at 40 volunteers. The staffing level cap of 44 is scheduled to remain unchanged for 2010.

One trend that has continued to be positive is the total number of calls that our volunteer fire department personnel have had to respond to with the full implementation of the Ridgeview Ambulance Agreement. Starting first with Allina Medical Transportation, and then moving to Ridgeview Ambulance, we have seen the number of calls that our fire personnel have had to respond to go from over 1,000 calls per year, down to a number less than 500. At the same time, the ambulance service has been enhanced by having an Advanced Life Support rig based right out of our

community. No change in this arrangement will occur in 2010, although the addition of the 212 Medical Center into the community will enhance our local service, as there will at many times be 3 ambulances stationed in the community.

In 2010, the Fire Department has one major purchase that is required, which is the replacement of their Air Pack Units. These units are required to be replaced on a regular schedule to ensure that they provide proper protection in a fire call situation. This expense is built into the Equipment Acquisition Schedule for 2010 at a cost of \$175,000. While this is an expense that is programmed into our current budget, we have applied for a grant to cover these costs through the Federal Government, which, if received, could eliminate these costs to our Equipment Acquisition fund.

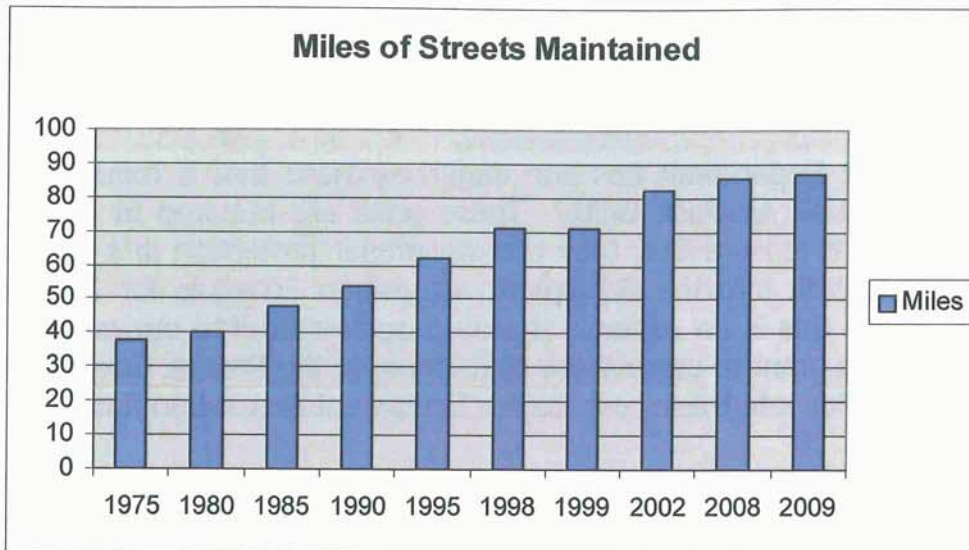
In 1997 the City completed construction of the new fire station, which was financed through the sale of EDA revenue debt. The City now has an annual debt service payment for the new facility in the amount of \$300,000 per year. The approved financing plan anticipates that the annual debt service would continue to be funded from a transfer from the Electric Fund and consequently, the \$300,000 Electric Fund transfer is maintained for 2010. This debt transfer from the Electric Fund is programmed to continue through 2015.

Finally, in 2004 the City and the Relief Association renegotiated the pension formula relative to the City contribution for tax levy toward the volunteer firefighters pension. Based on that formula, the City's contribution to the Fire Relief would be based on a formula that increases at the same rate as taxable market values increase in the community. Based on that formula, for 2010 contribution to the pension fund would be \$186,807.

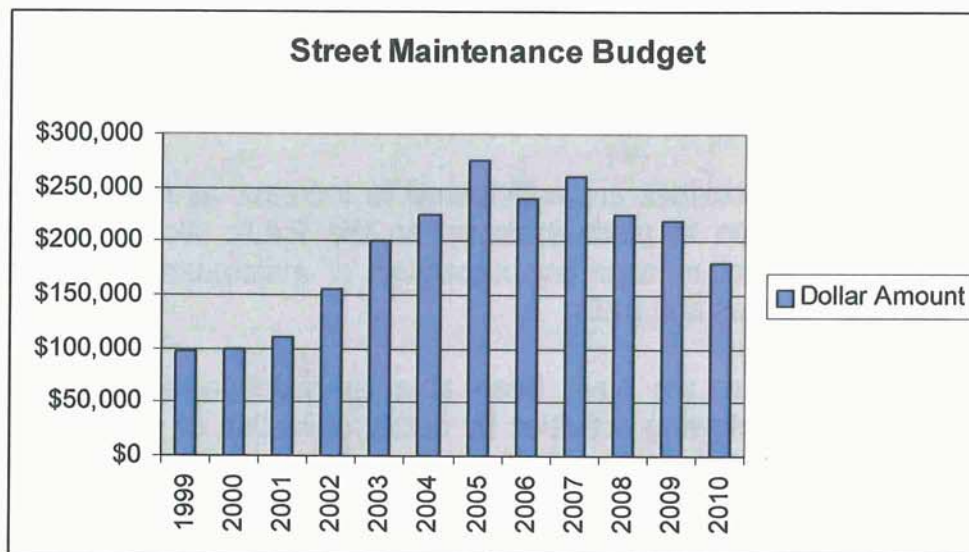
## **Public Works**

Chaska's Public Works activities are anticipated to increase as the community grows. Two factors that continue to place pressure on the Public Works service levels are growth in the City's street mileage and expansion of maintenance activities for parks and other City open spaces and trails.

Over the past five years we have been able to maintain a high level of street maintenance and snow plowing activities by better utilization of staff (using utility and golf personnel for snow removal) and upgrades in the versatility and efficiency of our equipment. To meet the growing need, we did add a fulltime position in 2002, and added a second new maintenance worker in 2004. We have not seen the large growth in either the miles of streets maintained or parks over the past 4 years, and do not anticipate that in the near future. For that reason, no staff changes are recommended for 2010, with no additional staff change proposed until the second half of 2011 when we would consider the addition of another maintenance worker, depending on the what we see for the actual increase in both miles of streets and park maintenance. This position will not likely be considered until the addition of significant development in the Heights of Chaska or the Chaska Biotech Center Corporate/Industrial Park.



In 2001, Staff reviewed with the City Council, a pavement management program. The purpose of this program is to preserve and reconstruct Chaska’s residential streets over the upcoming 15-year period. The program consists of three general elements: seal coating, overlaying, and total reconstruction. Our target for the amount of dollars that we have put towards the maintenance activities (seal coating and overlays) has been \$300,000, but as you can see from the chart below, we have never been able to meet that objective. For 2009, we spent approximately \$220,000 on overlay activities, and in 2010 we are proposing that this number be \$180,000, which would go towards the overlay of Hundertmark Road, from Highway 41 east to Pioneer Trail.



The second element of our street maintenance program is the reconstruction of deteriorated streets. The program calls for the reconstruction of roads over a 10-year period, with payback being over a 20-year period. Due to decreases in resources, we have not been able to implement this plan as we would have desired, with the program delayed for several years. As part of the 2010 budget, the Council would be committing the necessary levy resources with the \$260,000 special levy, to restart our Street Reconstruction Program. In 2010, this program would include the reconstruction of

Cardinal Street in the North Meadows neighborhood north of Victoria Street, and the high-level overlay of both the Sandy Acres and Valley View Neighborhoods. Based on our plan, we would assess for 25% of the total project costs on the reconstruction project, with the two overlay projects completed without assessments. 2011 would bring the reconstruction of the next downtown street, with the reconstruction of one half of 2<sup>nd</sup> Street.

**Recreation**

Although functionally, the Recreation Department and Community Center are in essence combined, Recreation and Administration and Programming are separate General Fund activities. The General Fund currently funds three fulltime positions; Parks and Recreation Director, Assistant Director, and Departmental Secretary. While not budgeted as part of the General Fund’s recreation department, the Cable Coordinator position is supervised by the Park and Recreation Director, and is functionally a part of the Park and Recreation staff. In 2008, a change that we did see was that our Cable Coordinator was hired on as our Ice Arena Manager in the Community Center. As part of this change, he did keep his Cable Coordinator position, with half of his time funded from the CCC and the other half in Cable funded through the General Fund. This has, in effect, brought the Cable Coordinator position to half funding through the General Fund. This is proposed to be staffed this way in 2010, as well. With the exception of this staffing note, there are no changes proposed in the Recreation Department within the General Fund.

**Equipment Acquisition:** The Equipment Acquisition Fund accounts for vehicle and equipment replacements. The goal of this fund is to assure that existing vehicles and equipment are replaced in an orderly fashion and also to account for new purchases when appropriate. The following table is a summary of expenditures by department built into the 2010 tax-levy supported budget.

Department	Description	2010
Administrative Services	UB/Accounts Payable System Replacement	\$10,000
Communications	Annual Equipment Replacement	\$4,000
Data Processing	Computer Equipment Replacement	\$30,000
Police	Annual Squad Replacement	\$117,000
Police	Annual Computer Replacement	\$7,900
Fire	Air Pack Replacement	\$175,000
Public Works	Bollard Replacement-City Hall Plaza	\$15,000

## Community Center Budget

For the Chaska Community Center, 2010 will be its 20th year of operation. As the Center has evolved, we are confident that it is addressing its mission *of being Chaska's community gathering place, while providing an opportunity to run into people you know*. The objectives of the Center are:

1. *To promote community gathering and interaction.*
2. *To provide family and individual recreation with an emphasis on fun.*
3. *To enhance Chaska's pride and identity.*
4. *To be financially self-supporting with no property tax support.*

The proposed budget provides adequate resources to meet these objectives while continuing the ability of the Center to operate with no property tax support. Our five-year forecast, though, indicates that we will need to continue to aggressively promote the facility to continue to achieve this objective. This will be especially true as the facility continues to age and we will need to build up our cash reserves in this fund to be able to accommodate for capital improvements needs we will have in the building.

For 2010, we are projecting that the Center will generate total revenues of \$3,136,113, or an increase of 1.5% over the budget from 2009. While we have seen a decrease in the number of daily admissions that we see come into the CCC, the number of people purchasing memberships has increased significantly over the past several years. This has come both from aggressive membership campaigns, and the addition of health membership programs that help offset some of the costs to patrons to have a membership at the Community Center.

One of the key revenue sources for the Center is funds generated through the sale of resident and non-resident memberships. For the past several years, membership numbers have increased significantly, and are anticipated to increase again by an additional 7.6% to \$1,045,395 in 2010 over our 2009 budgeted numbers. This is up from our 2006 membership revenues of \$800,897. This significant increase has occurred we believe as a result of:

- Addition of Fitness Center
- Agreement for incentives with health insurance providers
- Increase in number of area households
- Enhanced quality marketing efforts by CCC Staff
- Addition of The Lodge with the Treks and Trails Preschool
- Continued quality programming of activities in the CCC

Each year we conduct a survey of area community centers to help determine the appropriateness of what the Chaska Community Center charges for memberships and daily admissions. The membership and daily admissions are also adjusted in relation to the long range CCC budget, which shows an annual overall revenue increase of 3%. Historically we have attempted to charge less than the average for both membership and daily admissions for both Chaska residents and non-residents. Those facilities that we survey include Shoreview, Maplewood, Maple Grove, Inver Grove Heights, Eden Prairie, Waconia, Lifetime and Dakotah. We typically have implemented any proposed rate changes in the Spring of each year.

The second major revenue source for the Center is daily admissions, which is budgeted for \$160,111 annually. Admission revenues have decreased in recent years while membership has revenue has increased. This may be a sign that the Center is maturing with customers recognizing its ongoing value. On the negative, the "newness" of the Center may have decreased as indicated by the drop in one-time admissions. For 2010, our budget of admission revenues of \$160,111 is the approximately the same as what we budgeted in 2009.

The following is a summary of all revenue sources in the Community Center Fund:

REVENUES	Actual 2007	Budget 2008	Budget 2009	Budget 2010	Change	% Change
<i>Admissions</i>	\$184,488	\$165,772	\$160,837	\$160,111	(\$726)	0%
<i>Membership</i>	\$865,311	\$910,498	\$971,950	\$1,045,395	\$73,445	7%
<i>Gymnasium</i>	\$69,080	\$70,415	\$71,824	\$70,427	(\$1,397)	-2%
<i>Racquetball</i>	\$13,262	\$12,478	\$12,727	\$12,423	(\$304)	-2%
<i>Swimming lessons</i>	\$75,610	\$59,000	\$59,000	\$65,000	\$6,000	9%
<i>Fitness area</i>	\$83,695	\$89,600	\$93,880	\$110,501	\$16,621	15%
<i>Arena</i>	\$628,421	\$629,469	\$640,956	\$608,097	(\$32,859)	-5%
<i>Community Room</i>	\$13,000	\$20,000	\$20,000	\$20,000	\$0	0%
<i>Snior Center</i>	\$46,260	\$39,688	\$47,802	\$48,218	\$416	1%
<i>Craft rooms</i>	\$32,140	\$34,540	\$35,231	\$35,936	\$705	2%
<i>Tot time</i>	\$17,500	\$13,300	\$13,566	\$10,000	(\$3,566)	-36%
<i>St. Francis rental</i>	\$171,379	\$171,379	\$179,338	\$196,701	\$17,363	9%
<i>IDS #112</i>	\$143,779	\$144,670	\$37,474	\$37,000	(\$474)	-1%
<i>Theater</i>	\$55,684	\$55,999	\$58,907	\$72,085	\$13,178	18%
<i>Center Cafe</i>	\$3,000	\$3,000	\$3,500	\$2,751	(\$749)	-27%
<i>Birthday Party Room</i>	\$34,760	\$39,120	\$32,000	\$32,000	\$0	0%
<i>Day care/ indoor playground</i>	\$30,000	\$30,000	\$30,000	\$30,000	\$0	0%
<i>Trek and Trails pre school</i>	\$84,480	\$105,750	\$118,400	\$120,000	\$1,600	1%
<i>Adventure Prog/Club Extreme</i>	\$46,250	\$52,000	\$65,000	\$70,000	\$5,000	7%
<i>Vending</i>	\$44,259	\$45,904	\$44,629	\$40,000	(\$4,629)	-12%
<i>Misc.</i>	\$87,673	\$108,993	\$392,375	\$302,751	(\$89,624)	-30%
<b>Total Operating Revenues</b>	<b>\$2,730,031</b>	<b>\$2,801,575</b>	<b>\$3,089,396</b>	<b>\$3,136,113</b>	<b>\$46,717</b>	<b>1%</b>
<b>Non-operating</b>						
<i>Equipment Acquisition/Interest</i>	\$18,600	\$18,600	\$9,513	\$28,400	\$18,887	67%
<i>The Lodge Debt Trans</i>		\$168,000	\$188,000	\$161,000	(\$27,000)	-17%
<i>Electric fund transfer</i>	\$100,000	\$100,000	\$100,000	\$100,000	\$0	0%
<b>Total Non operating</b>	<b>\$118,600</b>	<b>\$286,600</b>	<b>\$109,513</b>	<b>\$289,400</b>	<b>\$179,887</b>	<b>62%</b>
<b>TOTAL REVENUES</b>	<b>\$2,848,631</b>	<b>\$3,088,175</b>	<b>\$3,386,909</b>	<b>\$3,425,513</b>	<b>\$38,604</b>	<b>1%</b>

Gym fees relate to activities directly attributable to a class paying for usage of the Community Center's gymnasium, with the revenues in this category forecast to be \$70,427 for 2010. The primary revenue generating activities in the gym are the City's gymnastics program, which is \$15,000, and the Gym Rentals Program, which is \$55,427. As with most of the City's participant activities, these revenues are off set by associated expenditures.

Swimming pool fees, which relate to lessons offered at the Center, are projected to be \$65,000 for 2010. This level of revenue reflects the continued high level of swimming lessons at the Center and the fact that the Center is no longer providing additional lifeguarding or swimming lessons at District #112, as we had in the past. When these District lessons were provided, revenue was closer to \$75,000. This change occurred after 2007.

Relative to the two sheets of ice within the arena element of the facility, we are forecasting total revenues for 2010 of \$608,097. This compares to the 2008 actual revenues of \$629,469. While we do expect the ice to be utilized to full capacity next year, one specific area we will see reductions is in gate revenue and concessions due to the School District moving boys hockey over to the Victoria ice until such time that the schools have enough students to have two teams. The Victoria Ice is owned by the School District.

Under our agreement with the Chaska School District, the District will be paying \$37,474 for use of space in the Center. One source of revenue that ended after 2008 was the payment we received from the School District to pay for a portion of the addition of the 2<sup>nd</sup> Ice Arena. This payment was \$108,000 annually, with this decrease in revenue being accounted for in our budget. The CCC will be picking up the final year of debt service on this 2<sup>nd</sup> sheet of ice in 2010, with this payment being approximately \$69,000.

In 1999, St. Francis began operation of their physical therapy and fitness center under lease for space at the Center. The total annual lease payments for the main facility and the lower level space used for pediatric physical therapy is \$196,701 in 2010.

The Wellness Addition was completed in 2005, and as a result the fitness programs that the City offers were expanded significantly. For 2010 these activities are anticipated to generate \$110,501 in revenues.

Finally, with the completion of the senior center addition, two new program areas were added to the Community Center. The Lodge, which was budgeted to generate \$47,802 in 2009, is budgeted to generate \$48,218 in 2010. Indirect revenues from this addition come from seniors choosing to elect to purchase full community center memberships, with these revenues reflected in our membership forecast. The Budget anticipates continuing to partner with Ridgeview Hospital for funding of a half-time person in The Lodge, resulting in a \$25,000 contribution to the CCC Fund. The other major component of the new addition to the Community Center was the addition of the Treks and Trails Preschool area in the lower level of this addition. The Treks and Trails

program is budgeted to generate \$80,000 in revenue in 2010, and is a very popular part of our Community Center facility.

In deciding to proceed with construction of the Center, the Council committed to transferring \$100,000 annually to generate a cumulative capital for future improvements at the Center with the understanding that no property taxes would be used to support the facility. Since the Center's opening, a total of \$1.9 million has been transferred from the Electric Fund to create the ongoing cash replacement fund. This transfer is scheduled to occur again in 2010.

No significant changes are anticipated in the Community Center operating costs. Staffing levels will remain generally unchanged, with total personnel costs estimated to increase by 2.22%. One change that we have seen in the Staffing level, and which we discussed in the General Fund budget, is the sharing of the Ice Arena Manager positions with the Cable Coordinator position. With this proposed to continue in 2010, this means that the CCC will continue to be down .5FTE positions for 2010.

The following is a summary of all expenses in the Community Center Fund:

<b>EXPENSES</b>	<b>Actual 2007</b>	<b>Actual 2008</b>	<b>Budget 2009</b>	<b>Budget 2010</b>	<b>Increase</b>	<b>Increase %</b>
<i>Personnel services</i>	\$ 1,408,866	\$ 1,508,876	\$ 1,534,659	\$ 1,568,016	\$ 33,357	2.17%
<i>Other services/ charges/supplies</i>	\$ 1,263,197	\$ 1,222,105	\$ 1,210,169	\$ 1,280,230	\$ 70,061	5.79%
<i>Ice arena debt service</i>	\$ 69,748	\$ 69,748	\$ 69,748	\$ 69,748	\$ -	0.00%
<i>Lodge Debt</i>		\$ 168,000	\$ 168,000	\$ 124,175	\$ (43,825)	-26.09%
<i>St. Francis debt</i>	\$ 56,820	\$ 56,820	\$ 56,820	\$ 56,820	\$ -	0.00%
<i>Capital replacements</i>	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ -	0.00%
<b>Total expenses</b>	<b>\$ 2,848,631</b>	<b>\$ 3,075,549</b>	<b>\$ 3,089,396</b>	<b>\$ 3,106,987</b>	<b>\$ 17,591</b>	<b>0.57%</b>

As we saw last year, a total of \$50,000 is budgeted for capital improvements, consistent with our five-year plan. No other major capital improvements are planned in 2010.

Based on our forecasted revenues and expenditures for 2010, we are estimating that the facility will have approximately \$29,126 in profit, bringing the fund total to \$289,164.

# Town Course Budget

*The mission of the Chaska Town Course is to develop and operate a quality municipal golf course serving as a community recreational resource, and as a community gathering place that generates an annual profit that may be used to support other "community building" opportunities.*

In developing the course's annual budget our objective is to provide adequate resources to meet this mission by maintaining a high quality golfing experience from both a maintenance and customer service perspective. An objective during our budgeting process has also been to position the Town Course in such a way that when its debt service for initial capital construction costs has expired, that we both have generated enough profit to have enough reserves to keep up with our necessary capital replacement program at the Town Course to keep it running as a high end course, and that we have some dollars available to put towards other "community building" projects.

Some of these reserves at the Town Course are going to be able to accumulate over the next 5-years with the refinancing of our TIF District that occurred in 2008. In 1997, resources from TIF District #4 were the main financial resource that allowed us to construct the course. It is planned that the refinancing of this District last year will provide us with sufficient resources to pay off the capital construction cost debt at the Town Course from the TIF funds, thus allowing the Town Course to take its annual profits and begin to accumulate a healthy reserve level in this Enterprise Fund. Over the 5-Year period, we do forecast that we will be able to accumulate just over \$800,000 in reserves.

For 2010, we are forecasting total revenues of \$1,664,453. This is down from the budgeted revenues we had for 2009, which were \$1,738,261. This change in the budgeted revenue is coming mainly from the fact that we are now budgeting for 26,500 rounds annually, as opposed to the 31,000 rounds that were budgeted in the past. This is not because the Town Course has seen a drop in the average number of rounds over the last 5-years. This change was made to provide a more accurate reflection of the actual number of rounds that we have averaged over this 5-year period. While the Town Course initially saw rounds closer to 31,000 when it first opened in 1997, there is much more competition in the market that was added since this point which had an impact on the number of rounds we have actually seen. The total revenues are derived from the following sources:

<i>Revenues</i>	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
Green fees	\$1,134,829	\$1,248,000	\$1,165,000	\$1,115,000	(50,000)	-4.29%
Driving range	\$81,430	\$84,872	\$87,418	\$80,000	(7,418)	-8.49%
Member fees	\$50,493	\$54,940	\$50,000	\$41,000	(9,000)	-18.00%
Sale of supplies	\$137,315	\$135,664	\$139,734	\$143,926	4,192	3.00%
Concessions	\$32,678	\$50,750	\$55,000	\$48,700	(6,300)	-11.45%
Cart rental	\$237,839	\$255,000	\$240,000	\$235,000	(5,000)	-2.08%
Misc	\$4,034	\$591	\$1,109	\$827	(282)	-25.43%
<b>Total revenues</b>	<b>\$1,678,618</b>	<b>\$1,829,817</b>	<b>\$1,738,261</b>	<b>\$1,664,453</b>	<b>(73,808)</b>	<b>-4.25%</b>

### Revenues

The major revenue source of the Golf Course is green fees paid by patrons, with revenue source accounting for more than 67% of total revenues at the facility.

As mentioned previously, for 2010 we are anticipating that 26,500 rounds will be played at the facility. This is down from the 31,000 rounds that were budgeted for in the past, as this has not been the trend we have seen over the past 5-years. In preparing the revenue estimate we are assuming that the resident/non-resident split will be 50%/50%, which reflects a significant increase in resident play from past budget forecasts. When the course first opened, we saw about 70% of play from non-residents. While this change has been great from a mission perspective, in that it has been viewed as a premier community gathering location for Chaska residents, it has created revenue challenges that we continue to have to monitor closely. The forecast also assumes that carts will continue to be permitted off the cart paths, which will continue to bring in more revenue with golf carts, as we now see approximately 40% of patrons use a cart. In 2010, we are budgeting greens fees to generate \$1,115,000 in revenue, with cart usage to generate \$235,000.

The second key revenue assumption is the green fees schedule. Our strategy has been to have green fees for non-residents consistent with the market for other high-end public courses, while at the same time offering a course of higher quality and challenge of any other area course. In 2009 the average metro high-end golf course green fee on weekends was \$75.12, ranging from \$43 for Willingers to \$101 for Rush Creek. Chaska's proposed weekend non-resident rate in 2010 of \$62.00 is well within this range. As you will see in the chart below, in 2010 it is recommended that the non-resident fees be increased by \$2.00 per round.

Course	Green Fees	
	Weekday	Weekend
	18 hole	18 hole
Edinburgh USA	\$50.00	\$50.00
Stoneridge	\$79.00	\$79.00
Rush Creek	\$101.00	\$101.00
The Legends	\$79.00	\$79.00
Willingers	\$43.00	\$48.00
Troy Burne	\$79.00	\$79.00
Meadows at Mystic Lake	\$85.00	\$85.00
The Wilds	\$80.00	\$80.00
Stonebrook	\$51.00	\$57.00
Average	\$71.89	\$73.11
Chaska non-res Current	\$54.00	\$60.00
Chaska non-res Proposed	\$56.00	\$62.00

As part of Chaska's mission, our goal is to have the facility both accessible and affordable to Chaska residents. Over the past two years one of the positive trends relative to this element of the mission, was the percent play from resident golfers increasing from 28% in 2003 to just under 50% in 2009. Although the higher resident participation is positive, a negative impact in this trend is the reduction in total revenues, given the significant differential between resident and non-resident rates.

For 2010 we are recommending that resident rates increase by \$1.00 per round for all rounds. This would result in our rates in 2010 being very competitive to all of the area courses. Based on these assumptions, 2010 green fee revenue is projected to be \$1,115,000.

Course	Green Fees	
	Weekday	Weekend
	18 Hole	18 Hole
Dalgreen	\$42.00	\$36.00
Bluff Creek	\$40.00	\$35.00
Ridges at Sand Creek	\$43.00	\$37.00
Deer Run	\$54.00	\$43.00
Stonebrook	\$57.00	\$51.00
Average	\$47.20	\$40.40
Town Course Res Current	\$38.00	\$35.00
Town Course Res Proposed	\$39.00	\$36.00

For the first several years the Town Course was open, we averaged cart rental revenues in the range of \$150,000 to \$175,000, with 22% to 24% of golfers renting carts. In 2006 we modified our cart policy to permit carts off the cart path. Also at that time, we purchased new set of carts equipped with a GPS system. The system was implemented in 2006 and increased cart revenues to \$212,000. For 2010 we are anticipating that 40% of patrons will utilize a cart, as we have seen over the past several years, bringing in a total revenue of \$235,000.

Through our eleven years of operation, the driving range has been a popular element of the facility. For projection purposes, we have assumed that 20% of golfers will use the range before playing and an additional 40 persons per day would come to the facility merely to use the practice complex. Range revenues were budgeted for \$87,418 in 2009. For 2010 the range is estimated to generate \$80,000.

Pro Shop sales were approximately \$130,000 in 2008, and budgeted for \$139,734 in 2009. This budget assumes merchandise sales of \$143,926 in 2010. Pro Shop merchandise is typically sold with approximately a 30% margin.

A key service element of the facility is the provision of a quality food and beverage operation, while at the same time assuring that this element does not become a financial drain on the operation. In 2008, we changed vendors. Staff has heard very positive comments on this change as it offers more menu variety for patrons, as well as more options for catering to the site on and off-season. In 2010, the vendor will be adding one more beverage cart on the course to meet patron demands, as this one the one area we could see the need for improved service. Under the terms of the lease with our vendor, the City receives a payment of 10% of gross revenues, which for 2010 is budgeted at \$41,200.

## **Operating Expenses**

For the Chaska Town Course to be considered a high-end public facility, the turf maintenance will need to be a very high priority. This issue has been confirmed in feedback we've received from golfers over the past year. To accomplish this objective we have attempted to establish a maintenance budget that will permit adequate resources for above average maintenance. The key, though, to achieving this objective is attracting and retaining high quality dedicated personnel. It is imperative that our full-time personnel not only have the technical capabilities to maintain a high-level complex, but also and possibly more important, have a true ownership in the course and a commitment to the facility's quality.

The maintenance staffing anticipates no change in staffing levels, with four full-time Greenskeepers, plus a Superintendent who is responsible for the maintenance of the Chaska Town Course facility as well as the Par 30. These full-time positions will be supplemented by eight, six month and six four-month seasonal employees.

The following is a summary our estimated costs for each of these categories:

	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
Personnel Services	\$758,971	\$738,269	\$744,164	\$760,533	\$16,369	2.20%
Operating Supplies	\$341,065	\$311,113	\$324,735	\$304,645	-\$20,090	-6.19%
Other Services/Charges	\$404,268	\$255,625	\$277,730	\$314,681	\$36,951	13.30%
Capital Replacements	\$173,089	\$211,500	\$197,379	\$96,000	-\$101,379	-51.36%
Transfers Out	\$130,000	\$313,310	\$119,000	\$110,000	-\$9,000	-7.56%
Total Expenses	\$1,807,393	\$1,829,817	\$1,663,008	\$1,585,859	-\$77,149	-4.64%

The second cost component of the golf course operation is the Clubhouse and its related activities. Our objective is to differentiate the Town Course and Clubhouse operation from other courses through a noticeable difference in its commitment to customer service. Achieving this objective will be significantly affected by the quality, skill and personality of personnel hired to staff the complex. The overall responsibility of the Clubhouse operation is the responsibility of the Club Pro. For 2010, the total Clubhouse expenses are estimated to be \$610,011. These costs compare to the expenses for both the staffing levels and expenses experienced in 2009 of \$593,592.

Based on our equipment replacement schedule for the Town Course, we are planning to replace \$96,000 in equipment in 2010, which will represent the replacement of our scheduled golf course maintenance equipment. It should be noted that as part of the 2010 budget process, the equipment replacement schedule was modified so as to replace equipment every 6 years as opposed to every 5-years. This change was able to be made due both to the higher quality of equipment that is now manufactured, and because of the Staff time dedicated to properly maintaining this equipment. While this does not produce immediate financial effects, this will be a positive financial move for the Town Course of the life of this facility. It should be noted that this replacement budget also represents approximately \$20,000 that will continue to go into improvements in the clubhouse, such as annual painting and the replacement of our patio furniture.

Total budgeted expenses for the golf course operation in 2010 are \$1,585,859, which would result in the facility making a net profit in 2010 of \$188,594 when the budgeted reserves are included in this calculation.

# Par 30 Budget

In establishing the 2010 Par 30 Budget, the following objectives were used:

- ◆ *Provide the necessary resources for the Par 30 to ensure continuation of quality course maintenance and upkeep.*
- ◆ *Maintain rates competitive with other comparable executive courses in the Twin Cities.*
- ◆ *Minimize drastic changes in rates while at the same time maintaining adequate cash reserves for emergencies.*
- ◆ *Allow the Par 30 to be a Self-Supporting Recreational Program*

In determining golf course revenues, two factors directly impact green fees: the number of rounds and rate per round. The following graph depicts the number of annual rounds played at the Par 30 over the past several years.



Over the decade we have seen a decrease in the number of total rounds at the Par 30. While rounds of play averaged around 25,000 rounds per year in the beginning part of this decade, over the last 4 years, we have seen that drop to approximately 17,000 rounds per year. We believe this has been due both to the increase of competition with the addition of other executive courses such as Halla Greens in the area, and with some shift to the Town Course we have seen with allowing carts on the Fairways, thus making it easier for seniors to play the longer course. For 2010, we have assumed 17,000 round for budgeting purposes. This is down from the 19,000 rounds we have budgeted over the past several years, as we want to make sure that the rounds are accurately reflected in our budget projections.

The second factor in determining green fee revenues is the actual rate charged per round.

For 2010, our recommendation is that the daily fee rates be increased by \$1 per round. Below is a survey of the other Executive Courses in the Metro Area in 2009. You will note that Chaska's Par 30 rates were below average for 2009, as has been our objective with this course. Increasing by \$1 we think will still keep us below the average, while at the same time allowing us to make sure we generate enough revenue at this facility to make it self-supporting.

Course	Weekday	Weekend
	9	9
Arbor Pointe	\$15.00	\$17.00
Birnamwood	\$12.50	\$13.25
Braemar Executive	\$13.50	\$13.50
Brightwood Hills	\$13.50	\$13.50
Centerbrook	\$13.50	\$13.50
Glen Lake	\$15.50	\$16.50
Pine Wood	\$16.00	\$18.00
Orono	\$11.50	\$14.00
Roseville Cedarholm	\$11.00	\$11.50
Halla Greens	\$14.00	\$16.00
Average	\$13.60	\$14.68
Par 30 Current	\$12.00	\$14.00
Par 30 Proposed	\$13.00	\$15.00

Based on this rate structure, we are forecasting green fee revenues for 2010 of \$172,000. In addition, the facility is anticipated to generate other fees amounting to \$20,190 from such things as concession sales and cart revenue.

Staffing levels are anticipated to remain unchanged for the coming year. Currently, we have one full-time greens keeper assigned to the facility. The remaining staffing for both maintenance and clubhouse activities is provided through the hiring of part-time summer employees.

The budget anticipates that operating expenses in 2010 will be \$184,818. It should be noted that no system improvements are budgeted for 2010, as we are currently in the planning stages for major improvements at the Par 30 that would be done in conjunction with the Goodman Group's Senior Living Project. These improvements will likely include moving and replacing the clubhouse and parking lot, improving the central pond, and putting other general improvements into the course. These would be paid for through the Goodman Group project. As part of this project, we are also planning on being able to eliminate the \$12,000 rental fee we currently have for leasing our parking spaces from the Goodman Group. This will free up these dollars in the future, which can be used to put away for future capital improvements on the course.

Based on our forecast of revenues and expenses, we are anticipating that the Par 30 operations will add \$7,372 to the fund balance in 2010. Below is a summary of the 2010 revenues/ expenditures:

	Actual 2008	Budget 2009	Budget 2010	Change	%Change
Green Fees	\$145,563	\$157,063	\$172,000	\$14,937	9.51%
Other Fees	\$19,389	\$18,104	\$20,190	\$2,086	11.52%
Total Revenue	\$164,952	\$175,167	\$192,190	\$17,023	9.72%
Personnel	\$104,154	\$95,860	\$111,354	\$15,494	16.16%
Supplies	\$17,275	\$14,056	\$19,044	\$4,988	35.49%
Services	\$41,360	\$47,180	\$45,435	-\$1,745	-3.70%
Other	\$9,122	\$26,044	\$8,985	-\$17,059	-65.50%
Transfers Out	\$0	\$0	\$0	\$0	0.00%
Total Expenses	\$171,911	\$183,140	\$184,818	\$1,678	0.92%
Net Income (loss)	-\$6,959	-\$7,973	\$7,372	\$15,345	
Cash Balance	19781	\$11,808	\$19,180	\$7,372	

# Utility Fund Overview

The Utility Fund Budgets are broken down into separate categories for the City's three utilities: water, sewer and electric. In 2009, we fully implemented our Storm Water Utility, which is meant to fund both the existing surface water management activities that are currently occurring within the General Fund, and to fund those activities for future capital improvements through our street reconstruction program. The total proposed budgets have been developed based on the following objectives:

- *Providing the necessary resources for each utility to assure continuation of quality services to our customers.*
- *Maintaining water/sewer rates less than comparable cities.*
- *Maintaining residential electric rates less than comparable rates charged by Xcel.*
- *Maintaining competitive industrial and commercial electric rates compared with Excel, while also making sure we maintain a system that provides reliability to our customers.*
- *Minimizing drastic changes in utility rates while at the same time maintaining adequate cash reserves for each enterprise.*

As will be discussed in more detail in the breakdown of the Water Fund budget, the City of Chaska did move forward with making some significant changes to the Water Utility rates starting in 2010, as it was found through a comprehensive Water Rate Analysis that was completed in 2009 that the City's water rates were set significantly lower than what was needed both to fund the future maintenance activities of our existing system, and to fund a portion of the debt service on the new Water Treatment Plant. This was necessitated because of the significant decrease in development within the community, of which Water Access Charge fees (WAC) were the funding source for the debt service on this plant. The study found that over the 10-year planning period, that our Water Fund would be \$7 million in debt if changes were not made to our rate structure in the short term. While this study did indicate that Water Rates did need to be increased to keep up with the costs of running our Water utility, because our rates were so low to begin with, the changes to our water rates were able to be made while still keeping our rates lower than any other City in the area. These changes will come in incremental stages over both 2010 and 2011.

From a sewer and electric perspective, our rates have remained very competitive over 2009, compared with other municipalities. From an electric fund perspective, our total rates in 2009, including the Energy Adjustment Clause, were over 10% lower than Xcel and over 12% lower than Minnesota Valley Electric Cooperative, our two largest competitors. We do not see this relationship changing very much in 2010, as Xcel formally received approval from the Public Utilities Commission to formally implement their rate increase.

While water rates will be going up significantly in 2010, Staff feels based on comparisons to other cities that our total utility bill will remain very competitive to those in other cities. Below is a breakdown of what a typical resident can expect for rate increases in 2010:

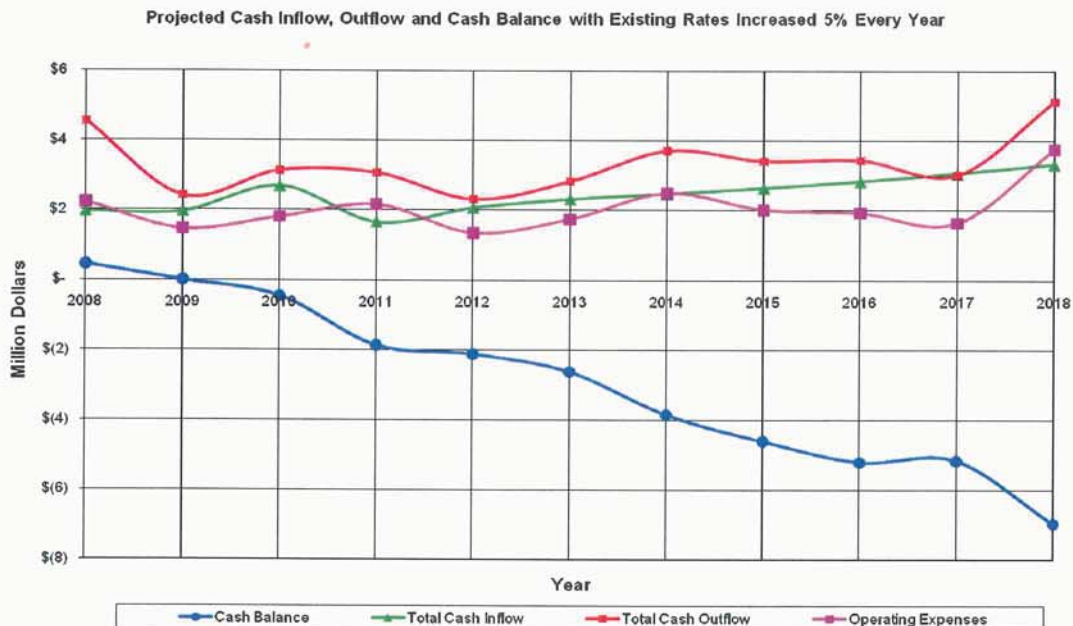
	2008	2009	2010	Increase	Increase %
Water	\$7.94	\$8.19	\$12.23	\$4.04	49.33%
Sewer	\$19.84	\$20.30	\$21.91	\$1.61	7.93%
Electric	\$77.06	\$78.79	\$80.75	\$1.96	2.49%
Storm Sewer	\$0.00	\$3.00	\$3.00	\$0.00	0.00%
Total	\$104.84	\$110.28	\$117.89	\$7.61	59.75%

# Water Fund Budget

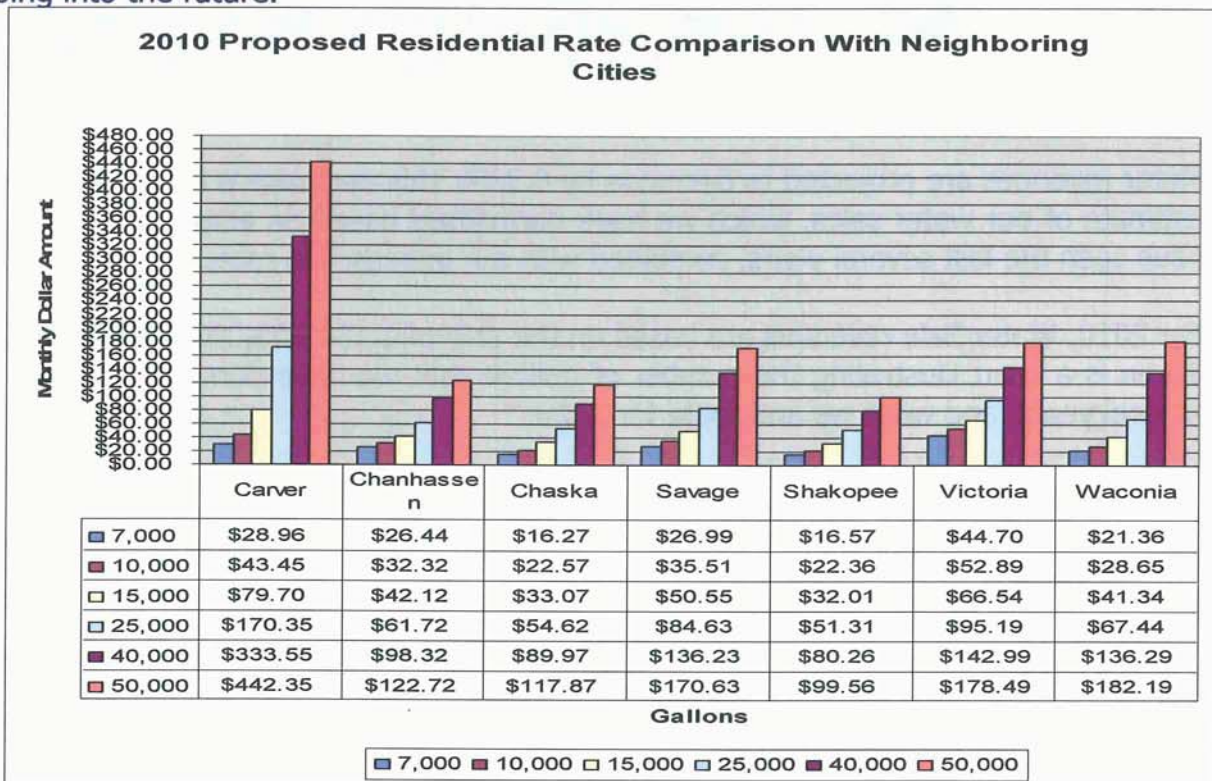
As was mentioned above, in 2009, the City of Chaska completed a comprehensive water rate analysis to look at the financial health of this fund. This water rate analysis was needed due to significant issues that were identified in our 5-year financial forecast and our CIP that indicated that the Water Fund would not be able to remain financially self-supporting if changes were not made. The objectives of this Water Rate Analysis included:

- Develop an inclining block rate that meets all of the DNR water conservation requirements that are required to be implemented by January 1, 2010
- Develop a base rate that meets all of our current operational and debt obligations, especially considering the significant decrease in development
- Develop a rate structure that is competitive with surrounding communities
- Develop an ongoing rate strategy that helps the City maintain a sustainable water system into the future to make sure our existing assets are not being consumed at a higher rate than we are financially replenishing our system

The results of this Water Rate Analysis quantified the issue our Water Fund would face if we continued with our strategy of implementing a 5% rate increase annually for the next 10-years. What the study found was that if we continued with this strategy, that over a 10-year period, the Water Fund would be in deficit \$7 million, not allowing us to have any dollars built up to help support our existing system. This was mainly due to both the fact that our water rates were extremely low compared to other municipalities, and because the development slowdown would not allow the City to generate enough resources in Water Access Charges to pay for the debt service of our new Water Treatment Plant. Below is a chart illustrating the impact of staying with our current strategies in the Water Fund:



Based on the results of this study, in August of 2009, the City Council did move forward to implement an increase in Water Rates over a two-year period, starting in 2010. At the same time, the Council did implement the required DNR inclining block rate to promote water conservation, implemented a service charge of \$2.27 per month, and did refinance a portion of the Water Treatment Plant Debt to match up debt service payments more closely with when we feel development will restart. The impact to residents in 2010 will be that an average winter user of 7,000 gallons per month will see a \$4.04 increase in their water bill, while the average summer user of 15,000 gallons will see an increase in cost of \$7.76 per month. As you will see in the chart below, while this is a large percentage increase in Water Rates, this change will still keep the City of Chaska lower, after fully implemented in 2011, than other surrounding cities, while ensuring that our Water System is able to be a self-supporting enterprise going into the future.



**2010 Budget**

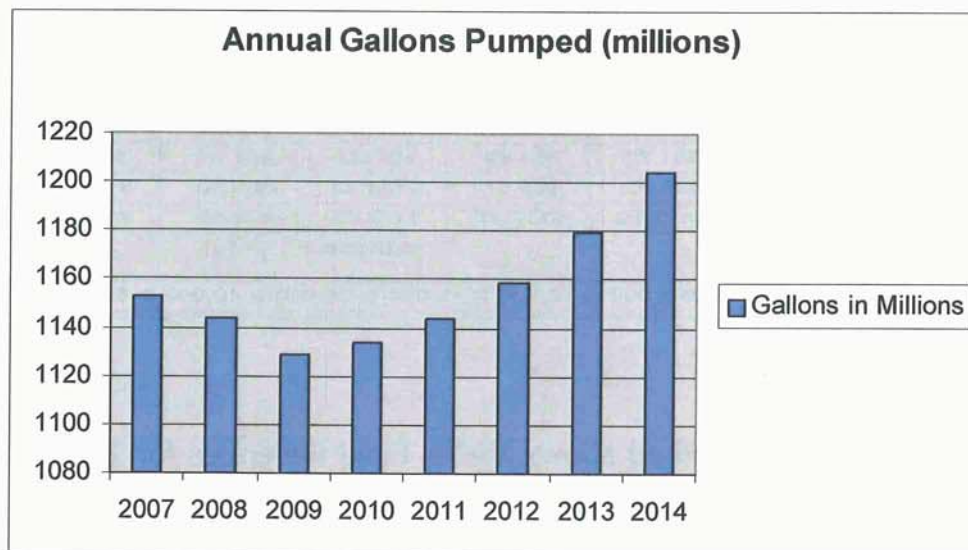
Based on the changes described above, Water Fund Revenues for 2010 are estimated to be \$2,417,595 compared to the 2009 Budget of \$2,581,003.

The major categories of revenues and expenses in the Water Fund as compared to past years are presented below.

	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
<b>Revenues</b>						
Metered	\$1,250,840	\$1,173,000	\$1,265,000	\$2,042,000	\$777,000	61.42%
Other	\$113,137	\$103,325	\$104,825	\$123,125	\$18,300	17.46%
Transfers In	\$1,217,026	\$1,564,152	\$1,211,178	\$252,470	-\$958,708	-79.16%
<b>Total</b>	<b>\$2,581,003</b>	<b>\$2,840,477</b>	<b>\$2,581,003</b>	<b>\$2,417,595</b>	<b>-\$163,408</b>	<b>-6.33%</b>
<b>Expenses</b>						
Pumping	\$180,195	\$213,384	\$294,819	\$303,815	\$8,996	3.05%
Treatment	\$216,012	\$194,306	\$201,763	\$219,524	\$17,761	8.80%
Distribution	\$518,855	\$536,990	\$562,759	\$593,264	\$30,505	5.42%
Administration	\$231,584	\$257,889	\$261,811	\$291,569	\$29,758	11.37%
Depreciation	\$668,926	\$667,378	\$0	\$0	\$0	0.00%
Debt Service	\$552,513	\$1,230,152	\$1,226,178	\$520,470	-\$705,708	-57.55%
Capital	\$95,000	\$435,000	\$21,385	\$0	-\$21,385	-100.00%
Tranfers Out	\$7,800	\$3,900	\$4,000	\$44,100	\$40,100	1002.50%
<b>Total</b>	<b>\$2,470,885</b>	<b>\$3,538,999</b>	<b>\$2,572,715</b>	<b>\$1,972,742</b>	<b>-\$599,973</b>	<b>-23.32%</b>
<b>Net Gain (loss)</b>	<b>\$110,118</b>	<b>-\$698,522</b>	<b>\$8,288</b>	<b>\$444,853</b>	<b>\$436,565</b>	

Meter revenues are projected to decrease by 6.33% This decrease is based on both the estimate of our water sales, which we have normalized based on actual water sales we have seen the last several years, combined with our increases in rates.

For 2010, Water Sale revenues are based on the sale of 1,134,000,000 gallons of water. Below is a chart illustrating the number of gallons that we have pumped over the past several years, and what we anticipate for 2010:



Total water expenses for 2010 are programmed to be \$1,972,742. This compares with \$2,572,715. While the Water Operating Fund is now taking on 50% of the responsibility for the Water Treatment Plant Debt Service, as we planned for as part of our rate changes, the decrease is coming because of the refinancing of the debt service we completed for the Water Treatment Plant this past fall. The total debt service went from approximately \$1.2 million down to just over \$500,000, to allow the debt to match up more closely with when development gets back to more normal levels. The total responsibility for the Water Operating fund is just over \$250,000 for 2010.

**Personnel Services:**

Currently the Water and Sewer staffing consists of the Superintendent, Foreman and six maintenance employees. The staffing level is recommend to remain unchanged for 2010.

**Operating Expenses:**

For 2010, there will be little changes in the operating expenses, with the exception of the debt service that is added from the Water Treatment Plant of \$252,470 that the Water Utility Fund will now be covering. There will be two wells that are maintained in 2010, based on our normal schedule for \$67,000, as well as \$40,000 going into the Street Reconstruction Program.

Based on this budget we are anticipating a profit of \$444,853 for the year.

# Sewer Fund

Sewer Fund revenues for 2010 are anticipated to be \$2,398,613, a 4.6% increase over 2009. The following table is a summary of anticipated revenues and expenses for 2010 relative to past years.

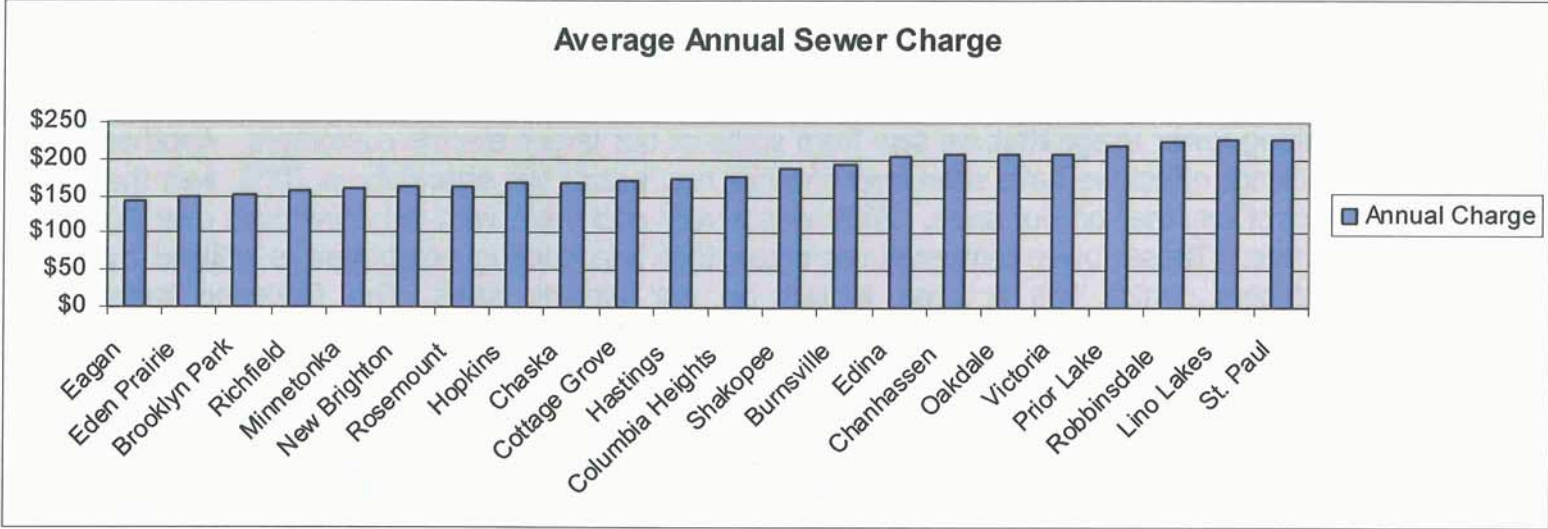
	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
<b>Revenues</b>						
Metered Sales	\$1,940,990	\$2,034,700	\$2,227,100	\$2,333,400	\$106,300	5%
Other Revenues	\$151,780	\$87,704	\$65,950	\$65,213	-\$737	-1%
<b>Total</b>	<b>\$2,092,770</b>	<b>\$2,122,404</b>	<b>\$2,293,050</b>	<b>\$2,398,613</b>	<b>\$105,563</b>	<b>5%</b>
<b>Expenses</b>						
Pumping	\$3,870	\$18,635	\$19,329	\$19,716	\$387	2%
Treatment	\$1,327,636	\$1,401,056	\$1,467,994	\$1,563,594	\$95,600	7%
Collection	\$375,012	\$379,228	\$395,255	\$427,216	\$31,961	8%
Administration	\$219,652	\$249,669	\$259,161	\$320,067	\$60,906	24%
Capital	\$80,957	\$116,400	\$50,900	\$4,100	-\$46,800	-92%
<b>Total</b>	<b>\$2,007,127</b>	<b>\$2,164,988</b>	<b>\$2,192,639</b>	<b>\$2,334,693</b>	<b>\$142,054</b>	<b>6%</b>
<b>Gain</b>	<b>\$85,643</b>	<b>-\$42,584</b>	<b>\$100,411</b>	<b>\$63,920</b>	<b>-\$36,491</b>	

Sales revenue is based on the sewer rate increasing by 7.93% for the coming year. This increase in sewer rates was necessitated by the 12.91% increase that the City will see from Metro Waste for the treatment of our sewer in Chaska. Metro Waste raised these fees for 2010 due to the fact that their Sewer Access Charges, charged to development, were not enough in 2009 to cover their debt service costs on their sewer treatment plant facilities. To make up for this lack of development, Metro Waste needed to have utility rates cover the lack of development revenue, thus necessitating the large increase in rates. The City of Chaska set our rate increase of 7.93% at a level where this increase will not need to be subsidized by any reserve in our Sewer Utility fund, but also at a level where we make no marginal revenue in 2010 in Sewer. This was done to help offset some of the increase that we will see in the water rates for 2010.

## Expenses:

Sewer expenses are anticipated to be \$2,334,693 for 2010, or an increase of 4.0%. The major factor affecting the 2010 budget is the Metro Sewer charges, which are estimated to be \$1,563,594, for an increase of 6.5% over the past year. This increase is primarily occurring, as mentioned previously, because of the increase in rates that Metro Waste has because of needing to shift debt service costs over to rates to accommodate for the lack of development in the Twin Cities. Over the past 5 years, we have seen an average of an 8% increase in our total gallons of treated sewage annually. We are only anticipating a growth of 4.66% in treated sewage for 2010 because of a lack of new development.

Currently, Chaska’s sanitary sewer rates are very comparable to other cities in the metropolitan area, and in the southwest metro area in particular. Metro City sewer rates are very similar since a significant portion of the monthly bill is based on the Metro Council sewer charges, which are the same per 1,000 gallons for all communities. Below is a comparison of Chaska sewer rates to other Metro communities:

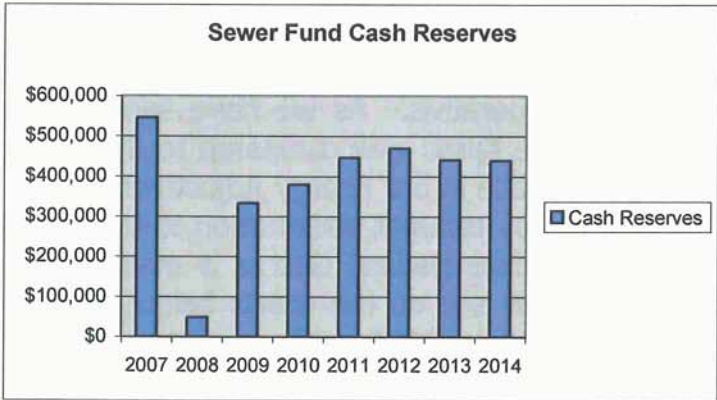


**Personnel Services:**

Currently, the Water and Sewer staff consists of the Superintendent, Foreman, and six maintenance employees. For 2010 it is recommended that the staffing levels remain unchanged. It should be noted that 50% of these personnel costs get charged to the water department, with the other 50% going to the sewer fund, as these two departments utilize the same employees.

**Equipment:**

In 2010, our equipment replacement schedule would only have us replacing a diagnostic piece of equipment for \$27,000. There would be no other planned equipment replacement in 2010. Based on our total expenditures and revenues, we are budgeting that there is an increase of \$63,920 in the Sewer Fund for 2010.



# Electric Fund Budget

For 2010, Electric Fund revenues are anticipated to be \$24,427,500. This compares to the \$25,594,600 we had budgeted for revenue in 2009. As part of the 2010 budget process, Staff did adjust the usage and sales numbers slightly downward. We have found the our sales figures needed to be adjusted to better measure what impact the Electric Utility has experienced because of a downturn in the economy, and the resulting lower usage that we saw from some of our larger electric customers. Another significant effect we have seen over the last two years, but especially in 2009, was the effect of weather on our sales. 2009 was a very cool year, with very few days over 90 degrees. These lower temperatures mean that less cooling equipment is utilized by customers, which has a large impact on our electric sales. The following table represents a summary of projected revenues for 2010.

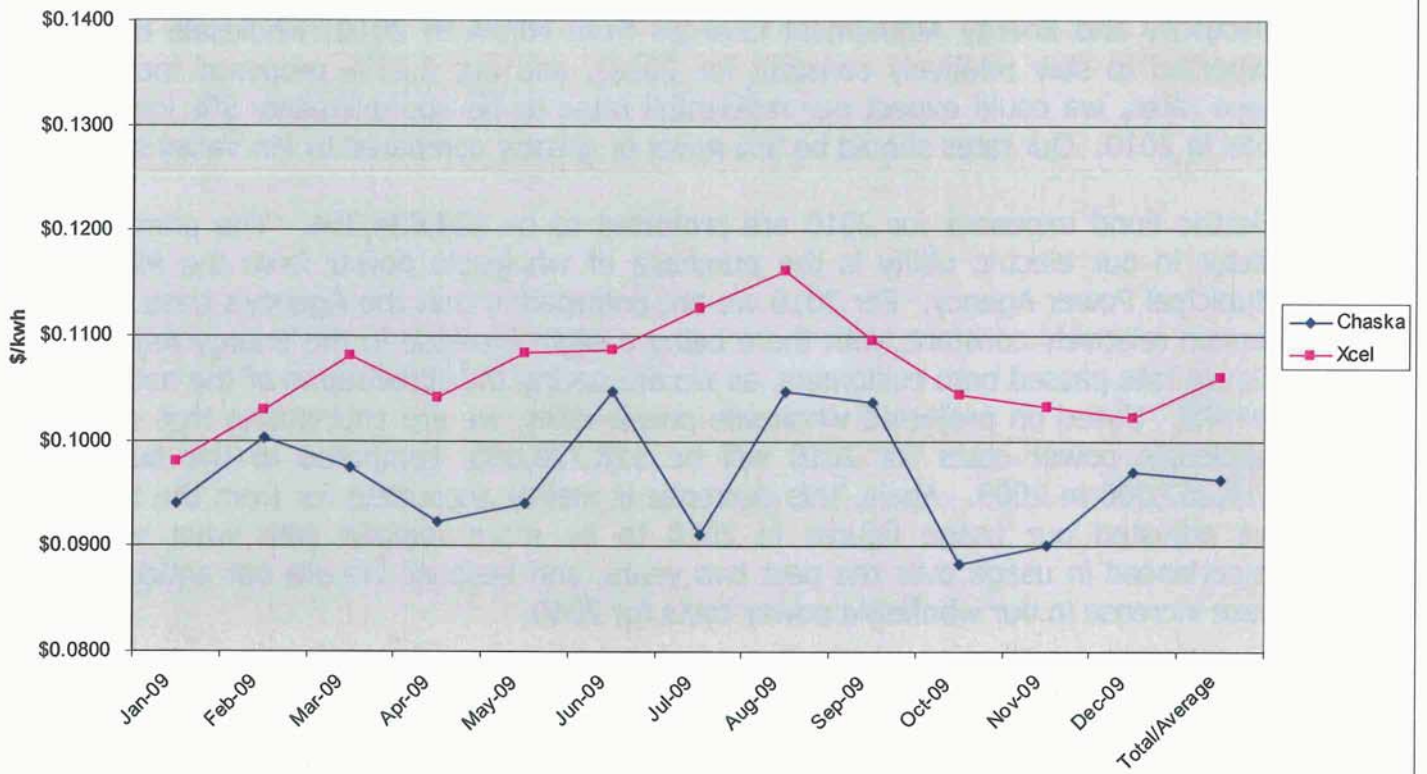
	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
Electric Sales	\$26,415,183	\$28,025,789	\$25,234,537	\$24,092,100	-\$1,142,437	-4.53%
Other Revenue	\$297,121	\$312,265	\$360,063	\$335,400	-\$24,663	-6.85%
Total Revenue	\$26,712,304	\$28,338,054	\$25,594,600	\$24,427,500	-\$1,167,100	-4.56%

As mentioned above, for 2010, we did adjust the Revenue from sales to match more closely with what we have seen over the last year for usage. Due to slowdowns in the economy, we did see some reduction in usage in our existing customers, and the new growth was not as aggressive as it was in past years. Due to this, we are projecting to decrease our total revenue by 4.56% over the 2009 budget with this projection based on the following assumptions:

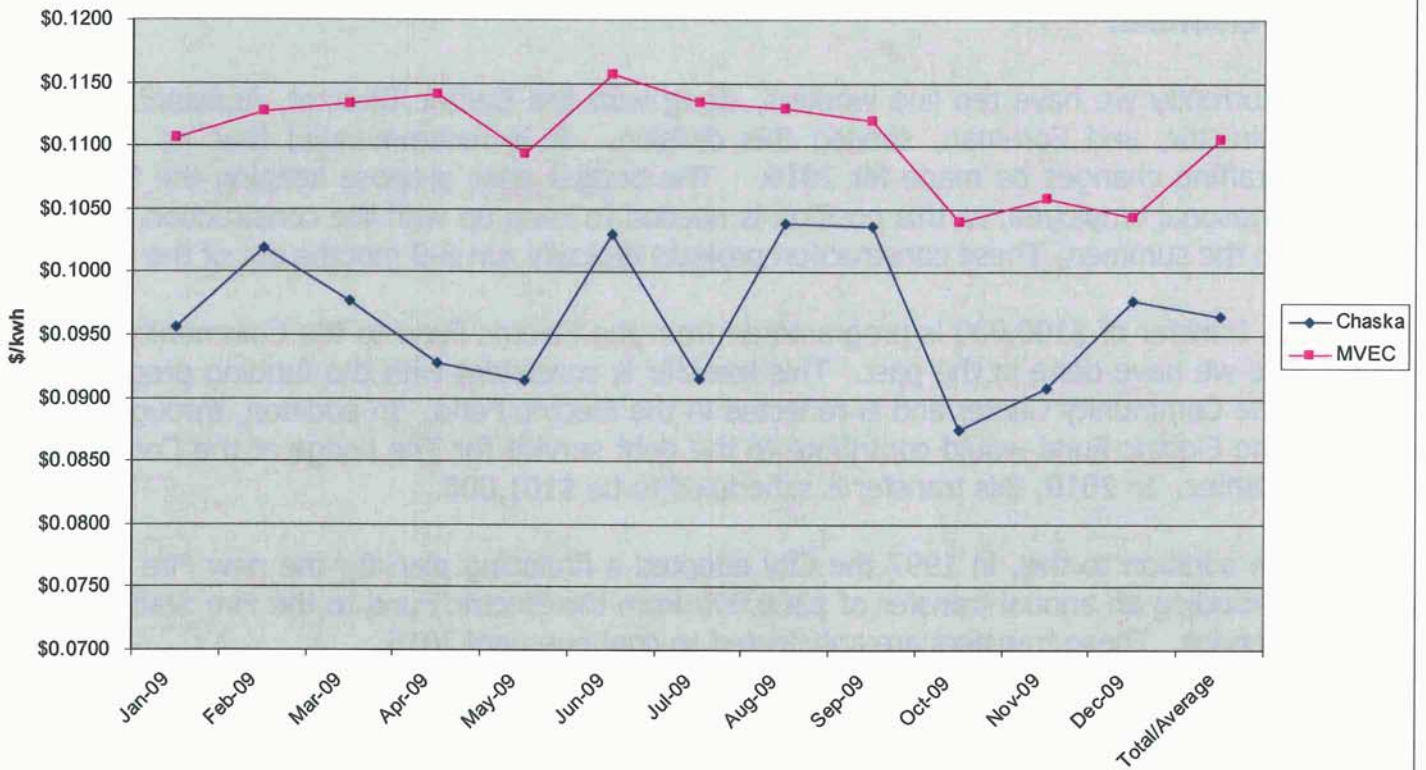
- Rates are to increase by 2.25% in 2010
- Existing customer usage will increase by only 3.9, compared to the 5% budgeted in 2009
- A total of 198 new residential units will come on line by year end, mainly from multi-family residential projects
- Some Commercial/industrial electric sales growth will result from current projects coming on-line in 2010, including the Michael Foods plant
- Normal weather

The City's objective is to maintain electric rates that are competitive to Xcel and Minnesota Valley Electric Cooperative. As we have seen over the past 12 months, Chaska's residential rates have faired well compared to the market, due mainly to the fact that we saw a large decrease in our Energy Adjustment Clause portion of our bill in 2009. Compared to 2008, 2009 brought stabilization to the natural gas market. MMPA has generation assets that utilize Natural Gas as a main source of raw material for energy production. As you will see on the charts below, Chaska Electric did come in just over 10% lower than Xcel in 2009, with our rates being over 12% lower than Minnesota Valley.

### Chaska vs. Xcel 2009 Residential



### Chaska vs. MVEC 2009 Residential



In 2009, Xcel did request a 6.05% increase from the Public Utilities Commission for their base rates, with an interim rate increase of 6% going into effect on January 1, 2009. The final ruling from the PUC was to allow for a lower rate increase, which will be 5.12%. Assuming this rate change by Xcel, our expected wholesale cost of electricity and Energy Adjustment Charges from MMPA in 2010 (wholesale rates are expected to stay relatively constant for 2010), and our 2.25% proposed increase in base rates, we could expect our residential rates to be approximately 5% lower than Xcel in 2010. Our rates should be 5% lower or greater compared to Mn Valley in 2010.

Electric Fund expenses for 2010 are projected to be \$24,034,354. The primary cost factor in our electric utility is the purchase of wholesale power from the Minnesota Municipal Power Agency. For 2010 we are anticipating that the Agency's base rate will remain relatively constant, with there being a slight increase in the Energy Adjustment Clause rate passed onto customers, as we are seeing the stabilization of the natural gas market. Based on projected wholesale power rates, we are anticipating that our total wholesale power costs for 2010 will be \$18,726,000, compared to the budget of \$19,267,000 in 2009. Again, this decrease is mainly accounted for from the fact that we adjusted our usage figures in 2010 to be more realistic with what we have experienced in usage over the past two years, and because we are not anticipating a base increase in our wholesale power costs for 2010.

As the electric industry becomes more competitive, it is imperative that the City works closely with the power agency to assure that we are purchasing wholesale power at competitive rates. As we are seeing with the need for Xcel to raise their base rates in 2009, and with their aging infrastructure that will need to be replaced in the future, it does appear that the agency will be well positioned to meet the needs of the City in the foreseeable future, while at the same time maintaining competitive rates.

### **Personnel:**

Currently we have ten line workers, along with the Electric Director, Assistant Electric Director, and Foreman, serving this division. It is recommended that no full-time staffing changes be made for 2010. The budget does propose keeping the 9-month seasonal employee, as this position is needed to keep up with the construction projects in the summer. These construction projects typically run 8-9 months out of the year.

A transfer of \$100,000 is programmed from the Electric Fund to the Community Center as we have done in the past. This transfer is consistent with the funding program for the Community Center and is reflected in the Electric Fund. In addition, through 2015, the Electric Fund would contribute to the debt service for The Lodge at the Community Center. In 2010, this transfer is scheduled to be \$161,000.

In addition to this, in 1997 the City adopted a financing plan for the new Fire Station, including an annual transfer of \$300,000 from the Electric Fund to the Fire Station debt service. These transfers are anticipated to continue until 2015.

### **Debt Service:**

In 2001 the City developed the new Minnesota River substation jointly with the gas turbine project. The Electric Fund share of the substation was \$2,281,000, which converts to annual debt payment of \$104,219. This will continue in 2010.

**Equipment Purchases:**

The following is a summary of equipment replacements budgeted for 2010. Each of these items relates to the replacement of an existing apparatus.

- Aerial Lift Truck: \$110,000
- SCADA Equipment: \$3,000

In addition to this, there is \$445,000 in systems improvements scheduled for 2010. Based on this, the following would be the expenditures for 2010:

	Actual 2007	Actual 2008	Budget 2009	Budget 2010	Change	% Change
Purchased Power	\$20,828,030	\$18,616,000	\$19,267,000	\$17,726,000	-\$1,541,000	-8.00%
Franchise Fee	\$2,249,000	\$2,230,000	\$2,501,000	\$2,380,000	-\$121,000	-4.84%
Operating Costs	\$2,834,425	\$2,406,511	\$2,324,821	\$2,459,440	\$134,619	5.79%
Capital	\$0	\$296,832	\$551,572	\$402,349	-\$149,223	-27.05%
Debt	\$78,711	\$104,219	\$104,219	\$104,219	\$0	0.00%
Transfer	\$334,600	\$424,800	\$408,000	\$569,200	\$161,200	39.51%
Total	\$26,324,766	\$24,078,362	\$25,156,612	\$24,034,354	-\$1,122,258	-4.46%
Annual Balance	\$387,539	\$412,238	\$437,988	\$393,146	-\$44,842	

Based on the budget as proposed, the Electric Fund would have revenues in excess of expenditures in 2010 of \$393,146. This would bring the total fund balance to \$1,824,185.

# Chaska.net Fund

The mission of Chaska.net is:

"Through the use of existing fiber optic and wireless technology, develop a high quality, low cost, high-speed Internet service for Chaska's public business and residential entities, thereby enhancing Chaska's vision of being a connected community."

Chaska.net began operation in 2000 as part of a partnership between the City and the Chaska School District. At that time KMC was completing their fiber optic system serving the Chaska business community. The City and the School District entered into a partnership to construct fiber optic lines to serve each of our existing public facilities. In 2001 the City began providing high-speed Internet service to businesses through the use of local fiber loops provided by KMC, with the business service expanding in 2002, based on the development of a line of site wireless network for the community.

Under the initial wireless system antennas were installed at City Hall, the Community Center, and water towers to provide line of sight connections to businesses at a cost ranging from \$100 to \$500 per month. In 2003 the service was expanded when additional antennas were added in the cities of Victoria, Waconia, Norwood Young America, and Shakopee.

In the spring of 2004 Chaska initiated a major effort to fulfill its original vision of having low cost, high-speed residential Internet through the deployment of a City-wide wifi network. The hardware solution deployed consisted of installation of 378 Tropos radios located on streetlights at an original cost of \$621,000. Since the system is wifi based it utilizes off the shelf customer bridges and is capable of providing bi-directional data transfer of speeds up to 1.5 megabytes per second. In 2006 the City elected to upgrade to the next generation of Tropos radios at a cost of \$456,200. Since the inception of the service, we have continued to work on improvements to the system to help improve the reliability and consistency of the service that is provided. Through 2009 the City will have invested \$3.3 million in developing the fiber and wireless network.

## REVENUES

Revenues to the fund are generated from three major categories; wireless wifi customers, line of sight customers, and direct fiber connections. Currently, the wifi network has 2,044 customers paying a monthly fee of \$18.99 for the service. In establishing the original financial plan for the wifi business, the goal was to begin with a monthly rate of \$15.99, with that rate increasing by \$1.00 per year until it peaked at a rate of \$20.99. For 2007 the rates were left unchanged in order to continue to attract customers. For 2008 the monthly fee increased to \$17.99. In 2009 this rate did go up to \$18.99. In 2010, the budget does assume that we stay with our original plan and increase this monthly rate to \$19.99. Over the next year, Staff will be continuing to monitor the market, and next generation systems that come out from private utilities, to make sure we stay competitive with our set pricing.

Based on 2,044 residential customers, this service presently has a penetration rate of 22%, for Chaska's 9,200 households that could potentially be connected to the system. In the 2008 5-

year financial forecast, we did plan on adding an additional 250 customers a year to our existing customer base, until we penetrated approximately 40% of the market. As we have witnessed over the past two years, we have remained very steady with the market of residents we have been able to attract to the service. Despite a stabilization of our service, we do think that a more realistic number for new starts in 2010 is closer to 60 customers. For budget purposes, we have carried this lower number of new starts through our 5-year financial forecast.

In 2010, the annual revenue budgeted for Chaska.net is \$490,315. Staff continues to market the Wi-Fi service through our website and occasional utility staffers. As mentioned previously, we do think that while we will see some growth in this portion of our business, that the growth will not be as aggressive as projected in past financial forecasts due to several factors, including the fact that the wi-fi service has not been able to meet some of the speed and consistency standards that high-end users may expect with an Internet service.

The line of sight wireless network is budgeted to generate \$110,357 annually and has 45 customers located within a 15-mile radius. The five-year plan anticipates that this revenue source will not be a major component of Internet service as we move into the future. Staff has even been evaluating whether we should continue to provide this services to customers outside of the community, as this is a drain on our staff resources, the equipment is aging, and has not helped us achieve our mission of connecting people and businesses within our community. We have been able to make some very inexpensive retrofits to this system to keep it functioning properly, and would anticipate that as long as this is a profitable portion of our business, that we would keep this service. As the equipment becomes technically obsolete for retail service, we will have to evaluate both whether we continue to provide this service to our existing Chaska companies, and whether we continue to provide this service outside of Chaska.

The Chaska School District is the major component of the fiber connected customers, at \$3,000 per month. Over the next five years, we do anticipate large customers in the new industrial park will elect to gain Internet activity through the Chaska.net fiber network, as we do plan on extending a our fiber loop out into this new industrial park. This will not only make our existing fiber system more robust, but will provide opportunities for new large customers of our fiber service. We are planning that this cost would be an infrastructure cost born by resources generated from this development. Consistent with that goal, we are anticipating new revenues from the fiber service in our Chaska Biotech Center development area based on the following schedule:

<u>YEAR</u>	<u>ANNUAL TOTAL</u>	
2008	0	
2009	0	0
2010	0	0
2011	0	0
2012	60,000	60,000
2013	60,000	120,000
2014	10,000	130,000

As noted above, the capital costs of getting our fiber system out to the Biotech Center developed, and looped with the rest of our fiber network in the community, is being planned as a development cost, not to be born by the Chaska.net Fund. While the schedule does show 2012, this could be expedited based on the actual development schedule of this new industrial park.

The following table is a summary of the forecasted revenues for Chaska.net for 2010.

Revenues	2007	2008	2009 (Budget)	2010	2011	2012	2013	2014
Fiber	\$3,000	\$8,421	\$10,577	\$12,493	\$12,493	\$12,493	\$12,493	\$12,493
Fiber T-1	\$149,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Fiber Growth	\$0	\$0	\$0	\$0	\$0	\$60,000	\$120,000	\$130,000
Wireless MP	\$181,200	\$157,740	\$165,351	\$110,357	\$110,357	\$110,357	\$110,357	\$110,357
Wireless Wi-Fi	\$477,033	\$496,524	\$475,586	\$492,834	\$500,389	\$512,983	\$530,615	\$553,284
Wireless Apartment	\$24,372	\$28,000	\$29,866	\$31,806	\$31,806	\$31,806	\$31,806	\$31,806
Other	\$33,879	\$169,516	\$28,485	\$9,511	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$869,124</b>	<b>\$860,201</b>	<b>\$709,865</b>	<b>\$657,000</b>	<b>\$655,046</b>	<b>\$727,639</b>	<b>\$805,271</b>	<b>\$837,939</b>

## EXPENSES

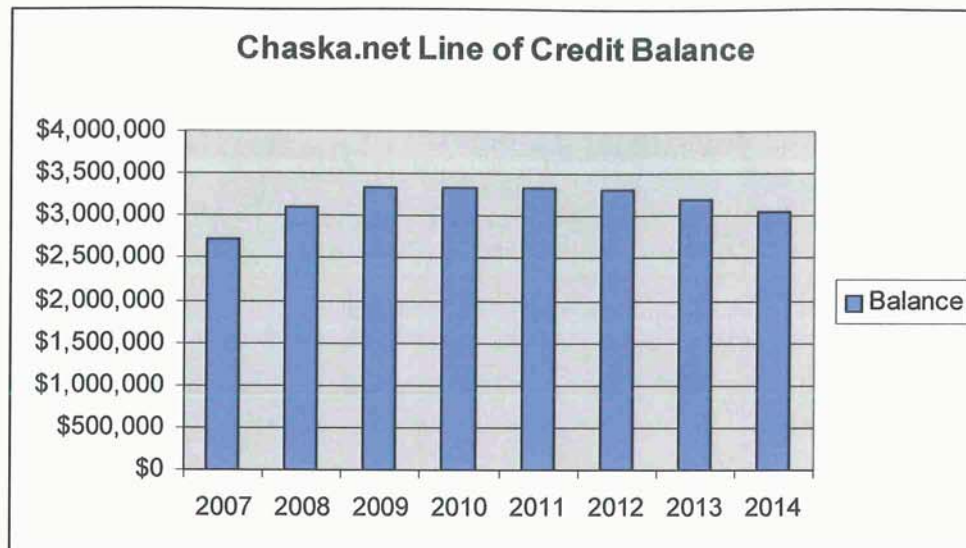
The following table is a summary of forecasted expenses for 2010.

Expenditure	2007	2008 (Budget)	2009	2010	2011	2012	2013	2014
Bandwidth	\$99,800	\$99,996	\$99,996	\$100,000	\$99,996	\$99,996	\$99,996	\$99,996
Distribution	\$533,376	\$384,795	\$414,459	\$159,000	\$126,200	\$129,665	\$133,130	\$136,595
Personnel	\$65,739	\$216,574	\$120,584	\$180,220	\$126,007	\$129,502	\$133,115	\$136,849
Operating	\$249,048	\$84,638	\$117,916	\$172,000	\$117,916	\$117,916	\$117,916	\$117,916
Depreciation	\$263,054	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital	\$57,533	\$208,275	\$5,000	\$45,000	\$5,000	\$5,000	\$5,000	\$5,000
Bonds	\$68,602	\$230,720	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$1,337,152</b>	<b>\$1,224,998</b>	<b>\$905,741</b>	<b>\$656,220</b>	<b>\$675,549</b>	<b>\$683,034</b>	<b>\$690,637</b>	<b>\$698,361</b>

Currently, Chaska.net has two full time positions allocated to it. We plan to continue to have this level of staffing in 2010. However, for 2010, we are planning on eliminating our Network Operations Center contract with Siemens for \$120,000. While Siemens is able to adequately provide this service, we have found that given the size of our utility, we are better able to provide those services in-house. To accommodate that, we will have to take one of our tech positions and move him into a Network Analyst position, which will add some costs. Additionally, our internal email service would have required some major upgrades to stay functional at the level we would need it to be. For this reason, we did recently migrate our email service to Google. This is a cost of \$20,000. Migrating this email service out will allow us to have more time to focus on the NOC services that Siemens was providing. Overall, it will be a cost savings to the Chaska.net system.

Regardless of our decision for our Network Operation Center, we do plan on continuing our customer service support services through Seimans, who have provided an improved service level to us over the past two years. We feel that this availability of a customer service representative is an important service to continue providing.

Our original objective for the Chaska.net service was to fully pay off all outstanding debt by 2013. Based on our current assumption that target will not be met. Below is a chart showing the outstanding debt on the Line-of-Credit that was established for this service. As you can see in the chart, we do anticipate that this balance will continue to go down, but we will still have an outstanding balance through the 5-year period.



It should be noted that while there is a balance of around \$3,000,000 in the line-of-credit after the 5-year period, approximately \$900,000 of this investment is in our installed fiber infrastructure, which has a much longer life expectancy than our wireless mesh product. For this reason, it is reasonable to assume a longer pay-back period for this infrastructure since it will not need to be replaced nearly as soon as our wireless mesh infrastructure.

Although the Chaska.net service has not yet fully met our initial financial objectives, and may have difficulty paying back this original line of credit on its own it should be noted that this service has provided many opportunities throughout our internal organization to save money on services we provide and how we provide them. Chaska.net has provided Internet service to the rest of the City's Enterprise Fund and the General Fund at no cost to these funds for over 10 years. This has created a significant savings across the entire City. It has also allowed us to deploy wireless systems for our Utility Meter Reading, SCADA services and Police services, saving us many dollars in the process. It will continue to provide us with opportunities for more cost effective ways to provide our services in other departments as we move into a meter replacement program in Water, Sewer and Electric in 2012. So while we eventually will have to make a decision of whether we will update our Chaska.net system with new technology from a retail perspective, we do see that the wireless technology we have now will continue to be a good investment from an internal perspective and the cost savings we are able to experience in other departments.

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# Adopted Budget Resolutions

**CITY OF CHASKA  
CARVER COUNTY, MINNESOTA**

**RESOLUTION**

**DATE** DECEMBER 21, 2009 **RESOLUTION NO.** 09-84

**MOTION BY COUNCILMEMBER** BUSINARO **SECOND BY COUNCILMEMBER** FORD

**A Resolution Adopting the Assessed 2009 Payable 2010 Property Tax Levies  
and Adopting 2010 Fund Budgets**

WHEREAS, the City has conducted a public hearing on December 7, 2009 to receive comment from the public on the proposed 2010 Budget and the tax levies recommended therein; and,

WHEREAS, the City must certify to the County Auditor on or before December 28, 2009, property tax levies for assessed 2009 payable 2010.

NOW, THEREFORE, BE IT RESOLVED, that the following assessed 2009 payable 2010 property tax levies be adopted consistent with the 2010 Budget:

<b>Fund</b>	<b>Levy Amount</b>
General Fund	\$4,385,449
Equipment Acquisition Fund	464,356
Mt Pleasant Cemetery Fund	6,000
GO Bonds, Streets	<u>24,549</u>
Total All City Levies	<u>\$4,880,354</u>
Total EDA Fund Levy, HRA Levy	<u>\$ 74,864</u>

FURTHER, BE IT RESOLVED, that the following levy supported fund budgets and special revenue fund budgets be adopted:

<b>Fund</b>	<b>Revenues and Other Sources</b>	<b>Expenditures and Other Uses</b>	<b>Fund Balance Reserves (Uses)</b>
General Fund	\$ 9,672,965	\$ 9,672,965	0
Equipment / Street Fund	716,705	1,621,000	(904,295)
Mt. Pleasant Cemetery Fund	<u>8,500</u>	<u>13,500</u>	<u>(5,000)</u>
Total All City Funds	<u>\$10,398,170</u>	<u>\$11,307,465</u>	<u>\$(909,295)</u>
EDA Fund	<u>\$ 228,864</u>	<u>\$ 228,864</u>	<u>\$ 0</u>

FURTHER, BE IT RESOLVED, that the following 2010 enterprise fund budgets be adopted.

<b>Fund</b>	<b>Revenues and Other Sources</b>	<b>Expenses and Other Uses</b>	<b>Net Increase (Decrease)</b>
Electric	\$24,427,500	\$24,034,354	\$393,146
Water	2,417,595	1,972,742	444,853

Sanitary Sewer	2,398,613	2,334,693	63,920
Community Center	3,136,113	3,106,987	29,126
Par 30	192,190	184,818	7,372
Town Course	1,664,453	1,585,859	78,594
Turbine	2,936,487	3,054,543	(118,056)
ISP (chaska.net)	657,000	656,220	780
Storm Water Mngt.	529,000	401,000	128,000

FURTHER, BE IT RESOLVED, that the City Clerk is directed to file these approved levies with the Carver County Auditor on or before December 28, 2009.

Passed and adopted by the City Council of the City of Chaska, Minnesota, this 21<sup>st</sup> day of December, 2009.

Attest: Margo G. Appel  
Deputy Clerk

Christopher W. Schulz  
Christopher W. Schulz, Mayor Pro Tem

**CHASKA ECONOMIC DEVELOPMENT AUTHORITY**  
**CARVER COUNTY, MINNESOTA**

**RESOLUTION**

DATE DECEMBER 21, 2009 RESOLUTION NO. EDA 09-3

MOTION BY COMMISSIONER BUSINARO SECOND BY COMMISSIONER FORD

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**Resolution Approving the 2010 EDA Budget and the  
Assessed 2009 Payable 2010 EDA Property Tax Levy**

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WHEREAS, the Executive Director's proposed 2010 EDA Budget recommends a Housing and Redevelopment Authority special benefit property tax levy in accordance with Minnesota State Statutes, Section 469.033, Subdivision 6; and,

WHEREAS, in accordance with Minnesota State Statutes, Section 469.033, Subdivision 6 the special benefit property tax shall be an amount approved by the City Council of the City of Chaska but shall not exceed 0.0144 percent of taxable market value of the City of Chaska; and,

WHEREAS, the City has conducted a public hearing on December 7, 2009 to receive comment from the public on the proposed 2010 Budget and the tax levies recommended therein including the proposed 2010 EDA Budget and the EDA tax levy recommended therein; and,

WHEREAS, the EDA must certify to the County Auditor on or before December 28, 2009, a property tax levy for assessed 2009 payable 2010.

NOW, THEREFORE, BE IT RESOLVED, that the following assessed 2009 payable 2010 property tax levy be adopted consistent with the 2010 Budget:

<u>Fund</u>	<u>Levy Amount</u>
EDA Fund, HRA Levy	\$ 74,864

FURTHER, BE IT RESOLVED, that the following 2010 EDA special revenue fund budget be adopted:

<u>Fund</u>	<u>Revenues and Other Sources</u>	<u>Expenditures and Other Uses</u>	<u>Reserves and (Reserve Uses)</u>
EDA Fund	\$ 228,864	\$ 228,864	\$0

AND, FURTHER, BE IT RESOLVED, that the Executive Director of the EDA is directed to file the approved EDA levy with the Carver County Auditor on or before December 28, 2009.

Passed and adopted by the Economic Development Authority of the City of Chaska, Minnesota, this 21<sup>st</sup> day of December 2009.

  
\_\_\_\_\_  
Christopher W. Schulz, President Pro Tem

Attest:   
\_\_\_\_\_  
Margo G. Steffel, Deputy Clerk

Revenues and Other  
Financing Sources

and

Expenditures/Expenses and  
Other Financing Uses

by Fund

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*101 General Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	7,754,186.00	7,754,186.00	
**1110	Council	0.00	0.00	0.00	0.00	
**1150	Communications	0.00	0.00	235,411.00	235,411.00	
**1210	General Administration	0.00	0.00	0.00	0.00	
**1420	Elections	0.00	0.00	0.00	0.00	
**1510	Administrative Services	0.00	0.00	55,551.00	55,551.00	
**1580	Data Processing	0.00	0.00	0.00	0.00	
**1610	Legal	0.00	0.00	0.00	0.00	
**1710	Community Development	0.00	0.00	647,921.00	647,921.00	
**1810	Engineering	0.00	0.00	31,212.00	31,212.00	
**1910	Bldgs, City Hall	0.00	0.00	84,009.00	84,009.00	
**1930	Bldgs, 205 E 4th St	0.00	0.00	0.00	0.00	
**2110	Police	0.00	0.00	477,384.00	477,384.00	
**2120	ST DUI Forfeiture	0.00	0.00	10,000.00	10,000.00	
**2130	Forfeited Drug Property	0.00	0.00	0.00	0.00	
**2210	Fire	0.00	0.00	102,000.00	102,000.00	
**2920	Flood Control	0.00	0.00	0.00	0.00	
**3110	PW Administration	0.00	0.00	0.00	0.00	
**3120	Streets	0.00	0.00	120,000.00	120,000.00	
**3130	Snow Removal	0.00	0.00	1,339.00	1,339.00	
**3140	Sign Machine	0.00	0.00	0.00	0.00	
**3310	Municipal Service Building	0.00	0.00	0.00	0.00	
**3510	Park Maintenance	0.00	0.00	0.00	0.00	
**3520	ISD Noll2 Grounds Maintenance	0.00	0.00	95,649.00	95,649.00	
**3610	Tree Control	0.00	0.00	15,000.00	15,000.00	
**5110	PRA Administration	0.00	0.00	2,081.00	2,081.00	
**5210	Youth	0.00	0.00	20,400.00	20,400.00	
**5220	Senior	0.00	0.00	0.00	0.00	
**5230	Adult	0.00	0.00	11,220.00	11,220.00	
**5240	Beach	0.00	0.00	9,602.00	9,602.00	
	Total Revenues:	0.00	0.00	9,672,965.00	9,672,965.00	
Expenses						
**1110	Council	0.00	0.00	109,778.00	109,778.00	
**1150	Communication	0.00	0.00	83,372.00	83,372.00	
**1210	Administration	0.00	0.00	285,066.00	285,066.00	
**1420	Elections	0.00	0.00	26,217.00	26,217.00	
**1510	Administrative Services	0.00	0.00	840,117.00	840,117.00	
**1580	Data Processing	0.00	0.00	266,948.00	266,948.00	
**1610	Legal	0.00	0.00	120,700.00	120,700.00	
**1710	Community Development	0.00	0.00	770,461.00	770,461.00	
**1810	Engineering	0.00	0.00	244,369.00	244,369.00	
**1910	Bldgs, City Hall	0.00	0.00	334,948.00	334,948.00	
**2110	Police	0.00	0.00	2,850,209.00	2,850,209.00	
**2120	ST DUI Forfeiture	0.00	0.00	10,000.00	10,000.00	

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*101 General Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
**2210	Fire	0.00	0.00	668,499.00	668,499.00	
**2910	Civil Defense	0.00	0.00	7,937.00	7,937.00	
**2920	Flood Control	0.00	0.00	4,986.00	4,986.00	
**3110	PW Administration	0.00	0.00	156,824.00	156,824.00	
**3120	Streets	0.00	0.00	1,227,541.00	1,227,541.00	
**3130	Snow Removal	0.00	0.00	157,221.00	157,221.00	
**3140	Sign Machine	0.00	0.00	3,178.00	3,178.00	
**3310	Municipal Serv Bldg	0.00	0.00	139,437.00	139,437.00	
**3510	Park Maintenance	0.00	0.00	714,496.00	714,496.00	
**3520	ISD Noll2 Grounds Maintenance	0.00	0.00	39,579.00	39,579.00	
**3610	Tree Control	0.00	0.00	18,128.00	18,128.00	
**5110	PRA Administration	0.00	0.00	287,987.00	287,987.00	
**5210	Youth	0.00	0.00	70,052.00	70,052.00	
**5230	Adult	0.00	0.00	69,257.00	69,257.00	
**5240	Beach	0.00	0.00	37,969.00	37,969.00	
**5270	Skating Rinks	0.00	0.00	9,979.00	9,979.00	
**6900	Unallocated	0.00	0.00	117,710.00	117,710.00	
	Total Expenses:	0.00	0.00	9,672,965.00	9,672,965.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	0.00	0.00	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*201 Equipment Acquisition

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	712,705.00	712,705.00	
**1150	Communications	0.00	0.00	4,000.00	4,000.00	
**1580	Data Processing	0.00	0.00	0.00	0.00	
**1630	DP WAN	0.00	0.00	0.00	0.00	
**1910	Bldgs, City Hall	0.00	0.00	0.00	0.00	
**2110	Police	0.00	0.00	0.00	0.00	
**2210	Fire	0.00	0.00	0.00	0.00	
**3110	PW Administration	0.00	0.00	0.00	0.00	
	Total Revenues:	0.00	0.00	716,705.00	716,705.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	917,000.00	917,000.00	
**1510	Administrative Services	0.00	0.00	35,000.00	35,000.00	
**1580	Data Processing	0.00	0.00	151,000.00	151,000.00	
**2110	Police	0.00	0.00	125,000.00	125,000.00	
**2210	Fire	0.00	0.00	175,000.00	175,000.00	
**3110	PW Administration	0.00	0.00	218,000.00	218,000.00	
	Total Expenses:	0.00	0.00	1,621,000.00	1,621,000.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	904,295.00-	904,295.00-	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010  
 Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*202 Mt Pleasant Maintenance

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	8,500.00	8,500.00	
	Total Revenues:	0.00	0.00	8,500.00	8,500.00	
Expenses						
**3510	Park Maintenance	0.00	0.00	13,500.00	13,500.00	
	Total Expenses:	0.00	0.00	13,500.00	13,500.00	
	Excess of Revenues over(under) Expenditures:	0.00	0.00	5,000.00-	5,000.00-	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*251: Chaska EDA

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	228,864.00	228,864.00	
**6520	Chaska EDA Administration	0.00	0.00	0.00	0.00	
**6540	ISD112 Peavy, 1999 Lease Rev Bond	0.00	0.00	0.00	0.00	
**6550	Small Cities Development Program	0.00	0.00	0.00	0.00	
**6560	Housing Loan Program Internal	0.00	0.00	0.00	0.00	
**6570	SCDP Lead Hazard Control Grant	0.00	0.00	0.00	0.00	
**6580	SCDP Grant	0.00	0.00	0.00	0.00	
**6590	Small Cities Grant (Sinclair Proj)	0.00	0.00	0.00	0.00	
	Livable Communities Grant	0.00	0.00	0.00	0.00	
**6610	BioScience Grant	0.00	0.00	0.00	0.00	
	Total Revenues:	0.00	0.00	228,864.00	228,864.00	
Expenses						
**6520	Chaska EDA Administration	0.00	0.00	221,664.00	221,664.00	
**6530	License Center 418 Pine St	0.00	0.00	7,200.00	7,200.00	
	Total Expenses:	0.00	0.00	228,864.00	228,864.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	0.00	0.00	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*601 Electric Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	24,092,100.00	24,092,100.00	
**8090	Load Conservation	0.00	0.00	315,300.00	315,300.00	
**8120	Administration, Billing	0.00	0.00	20,100.00	20,100.00	
	Total Revenues:	0.00	0.00	24,427,500.00	24,427,500.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	569,200.00	569,200.00	
**8020	Production	0.00	0.00	17,726,000.00	17,726,000.00	
**8080	Transmission & Distribution	0.00	0.00	1,830,272.00	1,830,272.00	
**8090	Load Conservation	0.00	0.00	583,235.00	583,235.00	
**8100	Administration	0.00	0.00	600,933.00	600,933.00	
**8120	Utility Billing	0.00	0.00	240,495.00	240,495.00	
**8810	Franchise Fee	0.00	0.00	2,380,000.00	2,380,000.00	
**9700	Debt Service, Proprietary	0.00	0.00	104,219.00	104,219.00	
	Total Expenses:	0.00	0.00	24,034,354.00	24,034,354.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	393,146.00	393,146.00	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010  
 Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*602 Water Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	2,417,595.00	2,417,595.00	
**8140	Capital Construction	0.00	0.00	0.00	0.00	
	Total Revenues:	0.00	0.00	2,417,595.00	2,417,595.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	44,100.00	44,100.00	
**8040	Pumping	0.00	0.00	303,815.00	303,815.00	
**8060	Treatment	0.00	0.00	219,524.00	219,524.00	
**8080	Transmission & Distribution	0.00	0.00	593,264.00	593,264.00	
**8100	Administration	0.00	0.00	187,637.00	187,637.00	
**8120	Utility Billing	0.00	0.00	103,932.00	103,932.00	
**9700	Debt Service, Proprietary	0.00	0.00	520,470.00	520,470.00	
	Total Expenses:	0.00	0.00	1,972,742.00	1,972,742.00	
	Excess of Revenues over(under) Expenditures:	0.00	0.00	444,853.00	444,853.00	

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*603 Sewer Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
-----						
Revenues						
**0000	Unassigned Department	0.00	0.00	2,398,613.00	2,398,613.00	
	Total Revenues:	0.00	0.00	2,398,613.00	2,398,613.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	4,100.00	4,100.00	
**8040	Pumping	0.00	0.00	19,716.00	19,716.00	
**8060	Treatment	0.00	0.00	1,563,594.00	1,563,594.00	
**8080	Transmission & Distribution	0.00	0.00	427,216.00	427,216.00	
**8100	Administration	0.00	0.00	216,314.00	216,314.00	
**8120	Utility Billing	0.00	0.00	103,753.00	103,753.00	
	Total Expenses:	0.00	0.00	2,334,693.00	2,334,693.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	63,920.00	63,920.00	

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*604 Community Center Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	289,400.00	289,400.00	
**8100	Administration, General/System	0.00	0.00	1,453,804.00	1,453,804.00	
**8300	Cafe	0.00	0.00	2,751.00	2,751.00	
**8320	Community Events	0.00	0.00	1,020.00	1,020.00	
**8330	Community Room	0.00	0.00	20,000.00	20,000.00	
**8340	Craft Rooms	0.00	0.00	35,936.00	35,936.00	
**8350	Wellness Addn, Water Aerobics	0.00	0.00	6,800.00	6,800.00	
**8360	Wellness Addn, Studio Aerobics	0.00	0.00	48,000.00	48,000.00	
**8380	Rainbow Room	0.00	0.00	6,000.00	6,000.00	
**8390	Wellness Addn, Wellness Programs	0.00	0.00	39,001.00	39,001.00	
**8400	Gym	0.00	0.00	53,081.00	53,081.00	
**8410	Gym, Batting Cage	0.00	0.00	2,346.00	2,346.00	
**8420	Gym, Gymnastics	0.00	0.00	15,000.00	15,000.00	
**8440	Ice Arena	0.00	0.00	556,597.00	556,597.00	
**8450	Ice Arena, Concessions	0.00	0.00	51,500.00	51,500.00	
**8480	Maintenance	0.00	0.00	29,651.00	29,651.00	
**8490	Wellness Addn, Cycling	0.00	0.00	3,500.00	3,500.00	
**8500	Wellness Addn, Personal Training	0.00	0.00	13,000.00	13,000.00	
**8510	Wellness Addition	0.00	0.00	200.00	200.00	
**8520	Play-Daycare Room	0.00	0.00	30,000.00	30,000.00	
**8530	Trek & Trails	0.00	0.00	80,000.00	80,000.00	
**8540	Club Extreme	0.00	0.00	70,000.00	70,000.00	
**8550	Racquetball	0.00	0.00	12,423.00	12,423.00	
**8560	Swimming Pool	0.00	0.00	7,500.00	7,500.00	
**8570	Swim, Lessons	0.00	0.00	65,000.00	65,000.00	
**8580	Swim, Middle School	0.00	0.00	0.00	0.00	
**8590	Swim, Lake Grace	0.00	0.00	0.00	0.00	
**8600	Theater	0.00	0.00	72,085.00	72,085.00	
**8610	Lodge	0.00	0.00	48,218.00	48,218.00	
**8620	Birthday Party	0.00	0.00	32,000.00	32,000.00	
**8630	Tot-Time Preschool	0.00	0.00	10,000.00	10,000.00	
**8640	General Facility	0.00	0.00	0.00	0.00	
**8660	Capital Construction (WIP)	0.00	0.00	0.00	0.00	
**8670	Adventure Program State Grant	0.00	0.00	1,300.00	1,300.00	
**8680	Before & After School Care	0.00	0.00	40,000.00	40,000.00	
**8690	Vending	0.00	0.00	40,000.00	40,000.00	
**9030	Project Number	0.00	0.00	0.00	0.00	
**9500	Project Number	0.00	0.00	0.00	0.00	
**9600	Non-Oper, Miscellaneous	0.00	0.00	0.00	0.00	
	Total Revenues:	0.00	0.00	3,136,113.00	3,136,113.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	126,568.00	126,568.00	
**8100	Administration	0.00	0.00	451,075.00	451,075.00	
**8300	Cafe	0.00	0.00	750.00	750.00	

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*604 Community Center Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
**8320	Community Events	0.00	0.00	7,738.00	7,738.00	
**8340	Craft Rooms	0.00	0.00	19,182.00	19,182.00	
**8350	Wellness Addn, Water Aerobics	0.00	0.00	4,500.00	4,500.00	
**8360	Wellness Addn, Studio Aerobics	0.00	0.00	17,750.00	17,750.00	
**8370	Front Desk	0.00	0.00	139,037.00	139,037.00	
**8390	Wellness Addn, Wellness Programs	0.00	0.00	20,500.00	20,500.00	
**8400	Gym	0.00	0.00	31,823.00	31,823.00	
**8410	Gym, Batting Cage	0.00	0.00	2,856.00	2,856.00	
**8420	Gym, Gymnastics	0.00	0.00	13,976.00	13,976.00	
**8440	Ice Arenas	0.00	0.00	132,975.00	132,975.00	
**8450	Ice Arena, Concessions	0.00	0.00	42,105.00	42,105.00	
**8480	Maintenance	0.00	0.00	1,063,002.00	1,063,002.00	
**8490	Wellness Addn, Cycling	0.00	0.00	3,350.00	3,350.00	
**8500	Wellness Addn, Personal Training	0.00	0.00	11,865.00	11,865.00	
**8510	Wellness Addition	0.00	0.00	110,560.00	110,560.00	
**8520	Play-Daycare Room	0.00	0.00	58,391.00	58,391.00	
**8530	Trek & Trails	0.00	0.00	80,243.00	80,243.00	
**8540	Club Extreme	0.00	0.00	57,940.00	57,940.00	
**8550	Racquetball	0.00	0.00	2,163.00	2,163.00	
**8560	Swimming Pool	0.00	0.00	246,330.00	246,330.00	
**8570	Swim, Lessons	0.00	0.00	31,288.00	31,288.00	
**8600	Theater	0.00	0.00	11,332.00	11,332.00	
**8610	Lodge	0.00	0.00	110,966.00	110,966.00	
**8620	Birthday Party	0.00	0.00	12,046.00	12,046.00	
**8630	Tot-Time Preschool	0.00	0.00	6,000.00	6,000.00	
**8640	General Facility	0.00	0.00	55,000.00	55,000.00	
**8670	Adventure Program State Grant	0.00	0.00	67,294.00	67,294.00	
**8680	Before & After School Care	0.00	0.00	31,472.00	31,472.00	
**8690	Vending	0.00	0.00	12,735.00	12,735.00	
**9700	Debt Service, Proprietary	0.00	0.00	124,175.00	124,175.00	
	Total Expenses:	0.00	0.00	3,106,987.00	3,106,987.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	29,126.00	29,126.00	

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*605 Par 30 Golf Course Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	188,190.00	188,190.00	
**8740	Merchandise	0.00	0.00	4,000.00	4,000.00	
	Total Revenues:	0.00	0.00	192,190.00	192,190.00	
Expenses						
**8720	Course Mnt	0.00	0.00	110,347.00	110,347.00	
**8730	Golf Admin & Clubhouse	0.00	0.00	65,486.00	65,486.00	
**8740	Product for Resale	0.00	0.00	8,985.00	8,985.00	
	Total Expenses:	0.00	0.00	184,818.00	184,818.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	7,372.00	7,372.00	

## FM Reports - Period Revenue &amp; Expense Report

Calendar Period: 01/2010 To: 12/2010

Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

## \*606 Chaska Town Course Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	1,520,527.00	1,520,527.00	
**8720	Course Maintenance	0.00	0.00	0.00	0.00	
**8740	Merchandise	0.00	0.00	143,926.00	143,926.00	
	Total Revenues:	0.00	0.00	1,664,453.00	1,664,453.00	
Expenses						
**8720	Course Mnt	0.00	0.00	793,106.00	793,106.00	
**8730	Golf Admin & Clubhouse	0.00	0.00	610,011.00	610,011.00	
**8740	Prodct for Resale	0.00	0.00	97,159.00	97,159.00	
**9700	Debt Service, Proprietary	0.00	0.00	85,583.00	85,583.00	
	Total Expenses:	0.00	0.00	1,585,859.00	1,585,859.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	78,594.00	78,594.00	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010  
 Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*607 Power Plant #2 Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	2,936,487.00	2,936,487.00	
	Total Revenues:	0.00	0.00	2,936,487.00	2,936,487.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	405,000.00	405,000.00	
**8100	Administration	0.00	0.00	113,871.00	113,871.00	
**9700	Debt Service, Proprietary	0.00	0.00	2,535,672.00	2,535,672.00	
	Total Expenses:	0.00	0.00	3,054,543.00	3,054,543.00	
	Excess of Revenues over(under) Expenditures:	0.00	0.00	118,056.00-	118,056.00-	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010  
 Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*608 Chaska.net Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	657,000.00	657,000.00	
**8080	Transmission and Distribution	0.00	0.00	0.00	0.00	
**8110	Pass-Thru Reimbursement	0.00	0.00	0.00	0.00	
	Total Revenues:	0.00	0.00	657,000.00	657,000.00	
Expenses						
**8020	Production	0.00	0.00	100,000.00	100,000.00	
**8080	Transmission & Distribution	0.00	0.00	159,000.00	159,000.00	
**8100	Administration	0.00	0.00	397,220.00	397,220.00	
	Total Expenses:	0.00	0.00	656,220.00	656,220.00	
	Excess of Revenues over(under) Expenditures:	0.00	0.00	780.00	780.00	

FM Reports - Period Revenue & Expense Report

Calendar Period: 01/2010 To: 12/2010  
 Fiscal Period: 01/2010 To: 12/2010

Budget Thru: 12/2010

\*609 Storm Water Fund

Account#	Account Title	Period-to-Date	Year-to-Date	Net Budget	Variance	PCT
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Revenues						
**0000	Unassigned Department	0.00	0.00	529,000.00	529,000.00	
	Total Revenues:	0.00	0.00	529,000.00	529,000.00	
Expenses						
**0000	Unassigned Department	0.00	0.00	200,000.00	200,000.00	
**8080	Transmission & Distribution	0.00	0.00	180,000.00	180,000.00	
**8120	Utility Billing	0.00	0.00	21,000.00	21,000.00	
	Total Expenses:	0.00	0.00	401,000.00	401,000.00	
	Excess of Revenues over (under) Expenditures:	0.00	0.00	128,000.00	128,000.00	