

# 2018 Popular Annual Financial Report



JULY 2019

**CITY GOALS:** Strong Foundation Reliable Service Livable City Better Together

## City of Edina Directory

### City Council

Mayor Jim Hovland ..... 612-874-8550  
 Council Member Ron Anderson ..... 952-833-9549  
 Council Member Mary Brindle..... 952-941-7746  
 Council Member Mike Fischer ..... 952-833-9569  
 Council Member Kevin Staunton ..... 952-836-1020

### Executive Leadership Team

#### City Manager

Scott Neal ..... 952-826-0401

#### Assistant City Manager

Lisa Schaefer ..... 952-826-0416

#### Communications & Technology Services Director

Jennifer Bennerotte ..... 952-833-9520

#### Community Development Director

Cary Teague ..... 952-826-0460

#### Engineering Director

Chad Millner ..... 952-826-0318

#### Finance Director

Don Uram ..... 952-826-0414

#### Fire Chief

Tom Schmitz ..... 952-826-0332

#### Human Resources Director

Kelly Curtin ..... 952-826-0402

#### Parks & Recreation Director

Perry Vetter ..... 952-826-0430

#### Police Chief

Dave Nelson ..... 952-826-1610

#### Public Works Director

Brian Olson ..... 952-826-0311

The City of Edina reports financial year-end results in its Comprehensive Annual Financial Report (CAFR). This report summarizes significant data from select funds in the Dec. 31, 2018 CAFR and is consistent with Generally Accepted Accounting Principles.

For a complete review of the City's financial position for 2018, consult the CAFR, available online at [EdinaMN.gov/Finance](http://EdinaMN.gov/Finance) or at Edina City Hall, 4801 W. 50th St.



File Photo

## Public Art Added as Part of 50th & France Redevelopment

Construction of a redevelopment project that began over a year ago is scheduled to be completed this fall. As part of the Market Street redevelopment, the City of Edina completed the expansion of the North Parking Ramp, which included two large-scale public art pieces on the exterior. "Garden Quilt," pictured here, is located on the east wall near Walgreens and "Stone + Stratus" is located on the tower next to the U.S. Post Office.

The second phase of the redevelopment project is underway and includes 100 new apartments at Nolan Mains, street level retail arranged around a series of pedestrian walkways and more than 110 public parking stalls below Nolan Mains.

## Edina Liquor Profits Remain High

### New Delivery Program, Upcoming Loyalty Club Expand Customer Service

When the naysayers declared municipal liquor stores doomed with the arrival of big-box liquor, they clearly underestimated the Edina Liquor staff and their customers who preferred profits stay in the community.

In 2018, Edina Liquor posted its third straight year of increased profits, reaching \$1.4 million. That's just shy of the previously largest recorded profit of \$1,490,537, achieved in 2012.

General Manager of Liquor Operations Josh Furbish took over running Edina Liquor in December 2016 and with the staff has cut operating costs and increased sales across the board. Beer, wine and spirits sales all showed growth in 2018, with beer sales increasing more than 6 percent over 2017.

"We really put a focus on beer the way we do with wine," Furbish said. Coolers were reorganized so one area highlights Minnesota beers while craft beer from elsewhere is grouped by type – IPAs, sours, stouts, etc. – to make it easy for people to find a variety of brewery options in their favorite style.

Edina Liquor also developed relationships with breweries that have paid off with many rare or limited-release options showing up in stores – that's until all the craft beer aficionados who follow Edina Liquor on Facebook or Instagram snatch up those bottles and cans. Edina Liquor also teamed up with Fair State Brewing Cooperative for a limited-edition milkshake IPA. Cake Drinker, made with coconut and vanilla, earned a 3.94 rating on Untapped and lots of fans before it sold out. Other municipal liquor operations are now copying this trend-setting beer collaboration.

A similar focus on craft and Minnesota-made spirits is proving popular, with spirits sales up more than 3 percent and growing. Edina Liquor is introducing customers to places like RockFilter Distillery, which produces organic spirits, and Far North Spirits, which grows its own grain.

"We are making sure those places have more of a competitive advantage in our stores, instead of being lost among the shelves at a big-box store," Furbish said.

Continued on page 2...

## New Developments Contribute to Low Edina Taxes

Year after year, residents in Edina have been able to count on low municipal taxes. In 2018, a resident with a \$400,000 home would have paid \$1,114 in annual property taxes. This is less than half the amount that homeowners in Richfield or Hopkins are paying for a home of equal value.

"The City continues to keep taxes as low as possible. Meanwhile, we continue to see increase in property values," said Finance Director Don Uram. "As we continue to experience redevelopment, the overall tax base increases. New development continues, especially around Southdale, which contributes to our tax base."

### 2018 Property Tax Comparison

\*City portion of property taxes only, based on \$400,000 home value



"Over the last five years, we have observed a general strengthening of the City's tax base in the Southdale area," said City Manager Scott Neal. "The higher market values in the Southdale area positively impact all property taxpayers in the city by expanding the number of new taxpayers and the amount of new property taxes they will pay."

Increasing tax base and rising property values within the city are the most important factors in preserving low City property taxes. The City of Edina also maintains low expenses, which keeps the need for additional taxes low.

"We maintain a very efficient operation. The majority of the City's budget is for personnel cost. We're a service business, but by being as efficient as we can be, we try to minimize any increases," said Uram.

Seventy percent of the City's General Fund budget goes toward salary, benefits and other personnel costs. Of the remaining budget, 6 percent is for commodities, 11 percent for central services and 13 percent for contractual services.

For more information on the City's budget or municipal property taxes, visit [EdinaMN.gov/Finance](http://EdinaMN.gov/Finance) or call the Finance Department, 952-826-0366.



GRANDVIEW • 50TH & FRANCE • SOUTHDALE

## Annual Events

### JULY

#### 4th of July Parade

Organized by the Edina Community Foundation. Begins 10 a.m. on July 4 behind Edina City Hall, proceeding east on West 50th Street to downtown Edina.



File Photo

#### 4th of July Fireworks

Typically held at 10 p.m. July 4 at Rosland Park following an 8:30 p.m. concert by the First John Philip Sousa Memorial Band.

### AUGUST

#### Night to Unite

Join other Edina residents and neighborhoods 5-9 p.m. Tuesday, Aug. 6! Night to Unite was created to promote neighborhood spirit, increase awareness in crime prevention and build a stronger partnership between law enforcement and members in the community. Get outside and say hello to some of your friends and neighbors! To register for Night to Unite and have an Edina first responder attend your event, visit [EdinaMN.gov/NighttoUnite](http://EdinaMN.gov/NighttoUnite) before July 31.



File Photo

#### Torchlight Concert

Starts at 6 p.m. Aug. 11 with a concert by the First John Philip Sousa Memorial Band at Centennial Lakes Park.



File Photo

### SEPTEMBER

#### Fall into the Arts Festival

Organized by the Edina Art Center to support the Edina Crime Prevention Fund. Held Sept. 7 and 8 at Centennial Lakes Park.

### SEPTEMBER THROUGH MAY

#### Indoor Music in the Park

Held at 7 p.m. on Sundays at Edinborough Park. Children's concerts are held at noon on Thursdays.



File Photo

### SEPTEMBER THROUGH OCTOBER

#### Members' Juried Art Exhibition

Annual members' juried art exhibition at the Edina Art Center.

### OCTOBER

#### Not-So-Scary Halloween Party

Held 6 to 8 p.m. Oct. 25 at Edinborough Park. Trick-or-treating throughout the Park, games and more. Play in Adventure Peak and the Great Hall.

### DECEMBER

#### Breakfast with Santa

Held 10 a.m. Dec. 8 at Braemar Golf Course. Visit with Santa in a small setting and enjoy a breakfast buffet.

#### New Year's Eve 'Eve' Party

Held 7 p.m. Dec. 30 at Edinborough Park. Family-friendly evening of music, fun and games. Play in Adventure Peak and the Great Hall. An early countdown will ring in the New Year.



File Photo

## Hawkinson Works To Bring Affordable Housing To Edina

In response to the 2017 biennial Quality of Life survey, some residents expressed concern about the lack of affordable housing in Edina. The City Council responded to that concern in 2018 when it authorized the creation of an Affordable Housing Development Manager position.

Stephanie Hawkinson was hired last July to fill the position.

"Hiring Stephanie for the position was the easiest hiring decision I've ever had to make," said Community Development Director Cary Teague shortly after she started. "Everyone who interviewed her had the same conclusion: She's going to be great."

Teague says that still holds true. Since last June, roughly 255 new units of affordable housing have been approved or made available for renting. To meet the Met Council's affordable housing goals, the City hopes to add a total of 1,220 new units by 2030.

According to Hawkinson, affordable housing brings much more to the community than just providing an affordable place for people to live. It's an economy booster.

"It helps to create a vibrant community," she said.

Hawkinson continued, saying that a lack of affordable housing makes recruiting and retaining employees more difficult. "Those who make minimum wage, or even several dollars more an hour than minimum wage, aren't going to want a long commute. It's just not worth it," she said.

She also added that when people spend less on their housing, they have more discretionary income to spend in the community. These affordable housing projects also create construction jobs, as well as ongoing employment opportunities.

For ownership housing, a family of four with a household income of \$75,440 can afford a house that's roughly \$314,569 (this exact amount varies depending on interest rates) if they do not want to be cost burdened or want to limit their housing expenses to 30 percent of their gross income, which is recommended.

The Come Home 2 Edina second mortgage program provides a second mortgage to a qualified buyer to reduce the first mortgage,

making the home more affordable. Since June 2018, 13 homebuyers have benefited from this program.

As of the end of May, only 30 of the 295 active MLS real estate listings in Edina were priced under \$320,000.

Affordable housing and low-income housing are two different things, though Hawkinson says both are needed for a vibrant, healthy community. A family of four with a household income of \$64,800 is considered "low income," but would still qualify for affordable housing. A single person with an income of \$42,000 would qualify for affordable housing.

"We're going to keep making sure that we work with apartment owners and investors to keep their current properties affordable, because we don't want to see displacement due to rent increases," she said. "We will also continue to provide more opportunities for low- and moderate-income folks to live in the city. Without affordable multifamily buildings, a lot of people who work in the city wouldn't be able to live here."

For more information, contact Hawkinson at 952-833-9578 or visit [EdinaMN.gov/AffordableHousing](http://EdinaMN.gov/AffordableHousing).



File photo

Stephanie Hawkinson started as the City's Affordable Housing Development Manager in 2018.

### New & Pending Affordable Properties

**4100 W. 76th St.**  
70 units

**7200-7250 France Ave.**  
62 units

**The Lorient, 4500 France Ave.**  
3 units

**Amundson Flats, 7075 Amundson Ave.**  
62 units

**Nolan Mains, 3935 Market St.**  
10 units

**Avidor, 5220 Eden Ave.**  
18 units

**Aria, 3200 Southdale Circle**  
8 units



Submitted Rendering

Amundson Flats will bring 62 new units of affordable housing to Edina.

## Edina Liquor Profits Remain High

Continued from Page 1

Customers will see even more changes in 2019. Delivery launched this spring, with people able to order online at [EdinaLiquor.com](http://EdinaLiquor.com) and have their purchases of \$35 or more delivered to their Edina home or office for free. New shelving and improved signs are coming to stores, and the coolers already have new doors and a more energy-efficient system behind them.

Following up on what Furbish called the "resounding success" of a sold-out special event on Jefferson's whiskey, Edina Liquor will host more educational and tasting events, including an upcoming Orin Swift wine dinner.

"These events are in an intimate setting," Furbish said. "We want you to walk away learning something as well as tasting something new."

A free loyalty program is on the horizon. Furbish promises it will be easy to use, won't require customers carry a card or do math to get a discount, and will match people's interests so, for example, wine drinkers won't be inundated with Surly offers.

Perhaps most important yet overlooked in the Edina Liquor success story is the benefit to Edina taxpayers. In 2018, Edina Liquor poured \$750,000 in profits back into helping pay for the Edina Art Center, Braemar Arena, Braemar Golf Course and Centennial Lakes Park. Another \$50,000 went into the City's General Fund.

Edina Liquor stores are located at 3943 W. 50th St., 5013 Vernon Ave., and 6755 York Ave. For more information, visit [EdinaLiquor.com](http://EdinaLiquor.com) or contact Furbish at [jfurbish@EdinaMN.gov](mailto:jfurbish@EdinaMN.gov) or 952-903-5732.



## Property Investments in Edina Showed No Sign of Slowing Down in 2018

**\$344 Million in Building Permit Valuation Issued Last Year**

Construction in Edina didn't slow down last year.

The building permits residents and contractors were issued last year were valued at more than \$344 million. That compares to \$295 million in 2017. Building permit valuation has increased seven of the past nine years, starting in 2009 when the total was \$102 million.

"For a moderate-sized town, the building value in Edina from last year was huge," said Chief Building Official David Fisher. For comparison, Minnetonka issued building permits valued at about \$168 million in 2018.

Building permits help ensure homes and buildings are safe from electrical and heating system fire hazards, structural failure and other health risks. Fisher says the safety of residents and visitors in Edina is the No. 1 priority of his division.

"Building inspections reduce risk and give assurance that the work being done by residents and contractors is up to code," he said.

In 2018, six Building Inspectors made 12,443 building inspections. These inspections range from looking over a simple residential deck to very complex mechanical installations at some of the city's businesses.

"It was another busy year," said Fisher. "It doesn't seem like it's slowing down anytime soon, either."

Finance Director Don Uram says that the investment made in the community through both new construction and remodels and updates become part of the City's large tax base, which helps the City maintain a moderate tax rate compared to other metro cities. About 45 percent of the annual building permit valuation comes from single-family residential projects, which shows that the residents have embraced the community and feel comfortable investing in their properties.

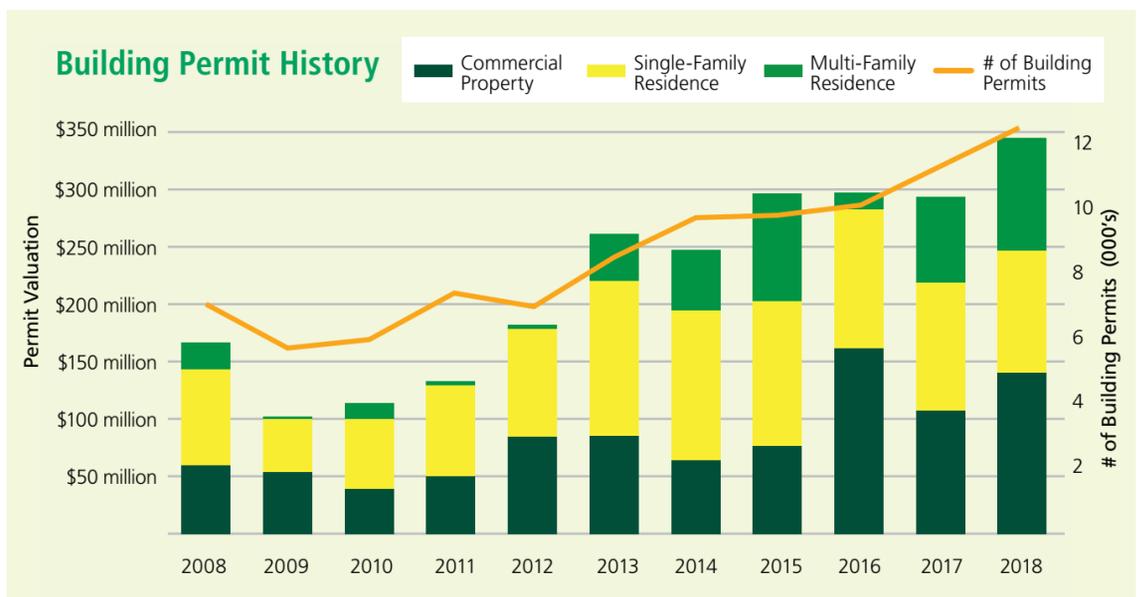
"When the building permits for new single-family dwelling construction slows down, the remodeling permits pick up," said Fisher. "This is another way we see the community re-investing in Edina."

City Assessor Bob Wilson said that Edina's total new constructed improvement value from 2018 was third to Bloomington and Minneapolis in Hennepin County.

The two largest projects the Building Division inspected in 2018 were apartment buildings: Nolan Mains and Avidor. Both are on track to be completed in 2019.



Nolan Mains, 3935 Market St., had the highest building valuation of all of the construction projects in Edina in 2018.



Nolan Mains, 3935 Market St., had the highest building valuation of all the construction projects in Edina in 2018. Nolan Mains is a 100-unit luxury apartment building under construction at 50th & France. The building will also feature first-floor retail space and the reconstructed underground Center Parking Ramp. It has a building value of \$45.3 million.

Avidor, a 165-unit building on Eden Avenue in the Grandview District, is an active adult residence for those 55 and older. It has a building value of \$29 million.

Multi-family permit valuation in 2018 totaled \$96 million.

"These two large projects contributed over 77 percent of that total," said Fisher. "It's obvious that more houses are being improved and built and commercial redevelopment is continuing."

For more information on building permits, contact Fisher at 952-826-0450 or [dfisher@EdinaMN.gov](mailto:dfisher@EdinaMN.gov).

## Improvements Light Up Parks and Recreation Spaces

**New Bridges Get Warm Welcome at Centennial Lakes Park**

2018 was a busy year in Edina's parks and enterprise facilities. Dozens of projects got started or completed, including new lighting at Courtney Fields, sustainability upgrades at Braemar Arena and the Arden Park restoration.

Perhaps the most popular improvements right now are the new bridges at Centennial Lakes Park. Started in 2018 and just completed, the stone facade bridges with new lighting provide smooth pathways to cross the lakes, replacing the narrow stairs of the old bridges. People with strollers or wheelchairs can roll right across them, and the bridges provide a picture-perfect background for wedding and prom photos.

"Park patrons have just been thrilled with the bridges," Centennial Lakes Park General Manager

Tom Shirley said of the \$1.1 million project. "They are especially happy they are accessible. There are no more stairs to climb."

New energy-efficient lights illuminate the baseball fields of Courtney Fields. The new lighting is targeted so it doesn't spill over into the surrounding neighborhood, plus it's designed to light from above and below, making it easier for players to track fly balls.

"The lighting has been very well received," said Recreation Supervisor Tiffany Bushland. "People love it."

The Edina Baseball Association contributed \$125,000 for the lights, and a Hennepin County Youth Program Facility Grant covered \$139,800 of the

project cost. Edina Parks & Recreation paid just \$22,313 for the upgrade.

Braemar Arena got a major overhaul to improve its energy efficiency and upgrade old systems. The changes included new LED lights at the rinks, refrigeration computer controls, more efficient pump controls and improved salt delivery, among other upgrades. The west rink also got a fresh paint job. The City's Sustainability Fund spent \$92,238 on the projects.

During the year-long design process for an ambitious project to restore Arden Park and the section of Minnehaha Creek that runs through it, "value engineering" considered the cost benefit of the proposed improvements, lower cost alternatives and the lifetime maintenance costs of new infrastructure. Efficiencies were incorporated into the final design, and construction began in December 2018.

The City and project partner Minnehaha Creek Watershed District are dividing the cost, with the City's portion of \$2.9 million to include a new shelter building, playground, trails, upgraded hockey rink and drainage improvements that will make the grassy area far more usable for fun. Grants totaling \$179,000 have reduced the overall project cost. The restored Arden Park will reopen in fall 2019.

Other 2018 projects included a fresh paint scheme for the Edina Aquatic Center slides, replacing all the boards at the Highlands Park hockey rink and removing the fencing to open up the nature trail at Bredesen Park.

"We're really pleased with the projects we've been able to complete and are looking forward to the future as we continue to make investments in our park infrastructure," said Susan Faus, Assistant Director of Parks & Recreation.

For more information, contact the Parks & Recreation Department at 952-826-0367.



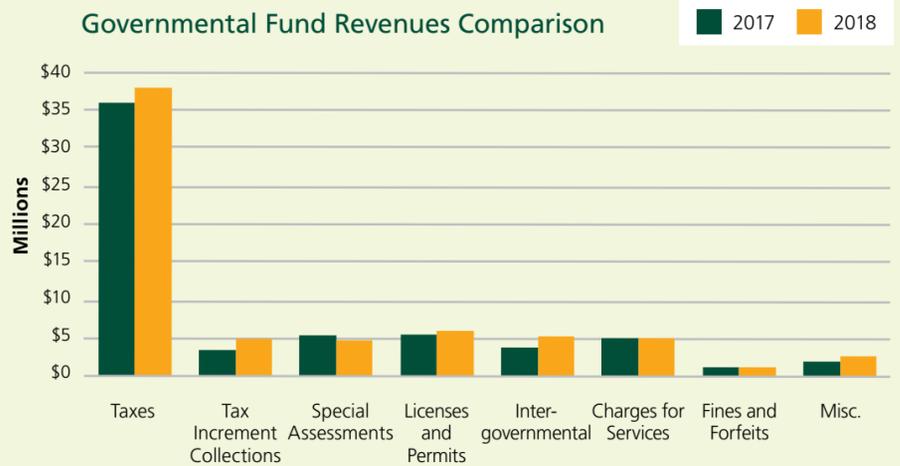
Visitors to Centennial Lakes Park started giving rave reviews of the new bridges even before the decorative safety railing arrived for installation.

## Governmental Funds

### Governmental Fund Revenues

	2017	2018	Difference
Taxes	\$36,126,440	\$38,198,624	▲ \$2,072,184
Tax Increment Collections	\$3,422,898	\$4,997,706	▲ \$1,574,808
Special Assessments	\$5,330,766	\$4,747,205	▼ \$583,561
Licenses and Permits	\$5,403,222	\$5,912,757	▲ \$509,535
Intergovernmental	\$3,687,262	\$5,124,573	▲ \$1,437,311
Charges for Services	\$4,917,173	\$4,898,548	▼ \$18,625
Fines and Forfeits	\$1,135,986	\$1,122,426	▼ \$13,560
Miscellaneous	\$1,766,288	\$2,511,838	▲ \$745,550
<b>Totals</b>	<b>\$61,790,035</b>	<b>\$67,513,677</b>	<b>▲ \$5,723,642</b>

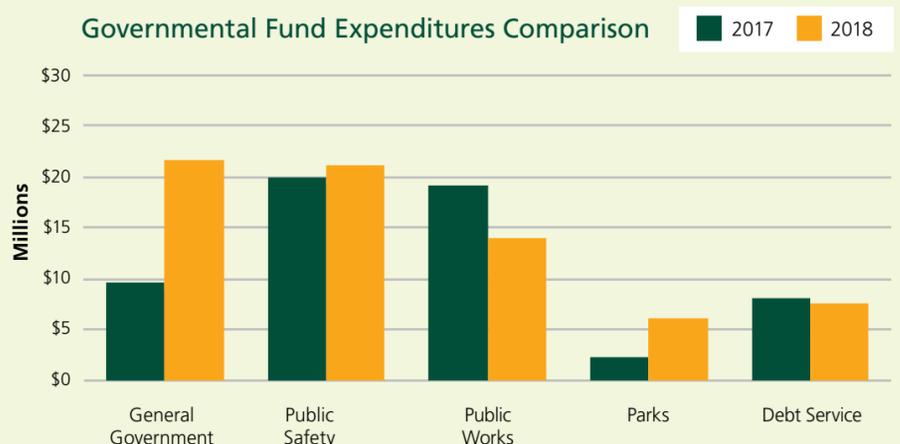
### Governmental Fund Revenues Comparison



### Governmental Fund Expenditures

	2017	2018	Difference
General Government	\$9,701,755	\$21,523,784	▲ \$11,822,029
Public Safety	\$19,891,159	\$21,156,896	▲ \$1,265,737
Public Works	\$18,880,439	\$13,917,199	▼ \$4,963,240
Parks	\$2,099,267	\$5,994,213	▲ \$3,894,946
Debt Service	\$7,855,926	\$7,622,963	▼ \$232,963
<b>Totals</b>	<b>\$58,428,546</b>	<b>\$70,215,055</b>	<b>▲ \$11,786,509</b>

### Governmental Fund Expenditures Comparison



Detailed in the graphs provided are the 2018 and 2017 total revenues and expenditures for all the governmental funds. Expenditures are presented by function, while revenues are presented by category. At the end of the current fiscal year, revenues and expenditures totaled \$67,513,677 and \$70,215,055, respectively, for an overall decrease in fund balance before other financing sources of \$2,701,378. Expenditures came in 20 percent, or \$11,786,509 higher than 2017. The increase is attributed to general government and public safety expenditures increasing by \$11,822,029 and \$1,265,737, respectively, in 2018. The general government increase is primarily due to an increase in capital outlay expenses of \$10,257,468 related to the expansion of the North Parking Ramp in

the 50th & France 2 Tax-Increment Financing (TIF) district. The public safety increase is the result of four new positions being added in the Police Department, along with increased costs of services due to inflation. Another item to note is the shift of expenditures between the Public Works and Parks & Recreation Departments; the result of a reorganization moving the Park Maintenance Division to Parks from Public Works in 2018. In total, Parks and Public Works expenditures are \$1,068,294 lower than 2017 due to less being spent on contractual services than anticipated; offsetting the aforementioned increases. Revenues came in 9 percent, or \$5,723,642 higher than 2017. The increase is primarily attributed to \$2,072,184 and \$1,574,808 more collected for taxes and tax

increment respectively. The increase in taxes is the result of an increased general fund operating levy that provides funding to continue existing service levels. Taxes, which are made up of property, franchise and lodging taxes, remain a heavily relied-on revenue source for governmental operations, making up 57 percent of all governmental fund revenues. Tax increment collections increased due to more being received in the Southdale 2 TIF district than anticipated. In addition, intergovernmental and miscellaneous revenues increased by \$2,182,861 in total due to increased municipal state aid (MSA) received for maintenance completed on MSA streets, higher than anticipated investment income as the result of better economic conditions, and unexpected donations received.

### BY THE NUMBERS

## City of Edina

Located directly southwest of Minneapolis in Hennepin County, Edina is a first-ring suburb renowned for the superb quality of life of its residents, with exceptional shopping, dining, parks and recreational facilities and an estimated population of 52,940, according to the Census. Established in 1888 as a farming and milling community situated on the banks of the Minnehaha Creek, Edina has progressively developed into an exemplary city in the Twin Cities metropolitan area.



**\$548,500**

Median Home Value

**52,940**

Estimated Population\*

\*US Census Bureau, 2018 estimate



File Photo

Nearly **51,000** People Work in Edina\*

\*ESRI, based on 2016 demographics estimates

### Major Employers

Major employers in the City include Fairview Southdale Hospital, Edina Public Schools, City of Edina, BI Worldwide, Regis Corporation, Lund Food Holdings, Edina Realty, Jerry's Enterprises and Dow Water & Process Solutions.



Photo by Danielle Boshnee

### AAA Bond Rating

Independent bond-rating agencies Standard & Poor's and Moody's Investors Service affirmed their high bond ratings for the City of Edina. Moody's Investors Service in 2000 gave the City of Edina its highest rating, Aaa, and in 2002,

Standard & Poor's upgraded Edina's general obligation bond rating to AAA, the company's highest rating. Both agencies have reaffirmed their ratings several times since, most recently in the spring of 2019.

Edina is one of just a few communities in the state with both triple-A bond ratings. Others are Apple Valley, Bloomington, Burnsville, Eagan, Eden Prairie, Maple Grove, Plymouth, Rochester, Roseville and Woodbury.