

2014 Popular Annual Financial Report

Edition: Edina

The City of Edina



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2014 was Another Record-Breaking Year for Building Inspections Division

The City collected more than \$4.49 million in building permit fees and licenses last year, an increase of approximately \$368,000 from 2013's record of \$4.12 million.

License and permit revenue is primarily collected from builders and developers for residential and commercial building projects, but it also includes revenue from a variety of City-issued licenses, including liquor and restaurant licenses. Prior to 2013, the record was \$3.45 million, set in 2006.

The near \$400,000 increase in revenue can be attributed to the large number of redevelopment projects happening around the city, including 71 France, Lunds & Byerlys, Fairview Southdale Hospital, private developments and more.

Since Jan. 1, the Building Inspections Division has issued 48 permits for new homes. Compared to 121 in 2014, Chief Building Official David Fisher predicts this year's numbers will be similar if not greater.

With the steady increase in redevelopment and revenue over the last few years, the Building Inspections Division had to undergo a small reorganization to accommodate the extra work, adding two new Building Inspectors and one Building Inspections Specialist. In addition to the new positions, the Division has also nearly finished remodeling its workspace. The project will create more space to accommodate the Division's additional staff members.

"Underlying the design of the [remodeling] project is the question, 'how do we best serve the customers of the Building Division who are coming in to receive service from us?'" said Edina City Manager Scott Neal. "What we were experiencing was a great deal of demand in a space that wasn't originally designed for that level of demand, so we needed to adjust."

Included in the new design is the addition of a new service counter that will help direct customers to the correct staff along with swinging doors to serve as a visual barrier to help the Building Inspections and Planning divisions control privacy and access to the general office area. Fisher said the new design will



Photo by Jennifer Bennerotte

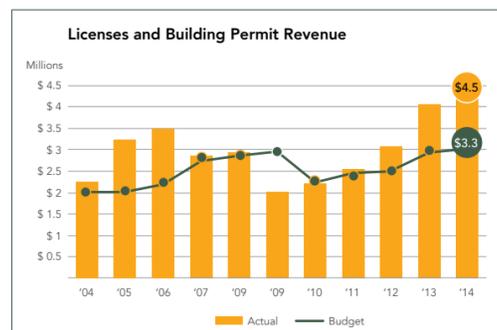
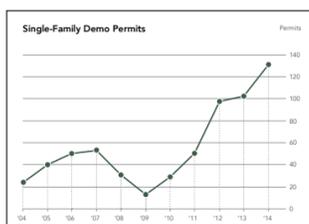
The Building Division has nearly finished a remodeling project that will create additional space to accommodate the Division's new staff members.

allow staff to improve the level of customer service for residents.

The Building Division is also in the process of implementing electronic plan review, an initiative that will allow residents and developers to submit plans electronically. According to Fire Chief Tom Schmitz, all necessary plan reviewers will be able to review the plans simultaneously, ultimately decreasing the time to approve them. The discovery phase of the project is nearly complete. Then, the Division will begin passing data on to Avolve, the software company that will build the program. The Division hopes to begin implementation of electronic plan review before the end of the year.

"We couldn't have picked a better time to do everything at once," Schmitz said.

For more information, contact the Building Inspections Division at 952-826-0372.



The City collected approximately \$4.49 million in building permit fees and licenses last year, an increase of approximately \$368,000 from 2013's record of \$4.12 million.

City Works To Repair and Replace Underground Utilities

Underground utilities are often forgotten – out of sight, out of mind. However, these services, such as water, sanitary and storm water systems, rely on aging infrastructure in many Edina neighborhoods. The majority of utilities that were installed in the 1950s and 1960s, and even some in the 1940s, are still in use today.

While the City's utilities are highly reliable, they occasionally fail. The aging infrastructure is a challenge for City staff.

"We know the infrastructure is getting older every year, but there are not enough dollars to replace it all," said Environmental Engineer Ross Bintner. "There is a tradeoff with every decision, and is a continuous question of allocating time and resources to repairing the utility or replacing it. We can deal with it as is, but the service level decreases. For example, a sanitary sewer line could have the opportunity for more clogs or backups."

Each year, the City responds to hundreds of water main breaks and service leaks, most of which are in areas where the infrastructure is the oldest. The infrastructure was especially stressed during several heavy rainfalls in June 2014. More than four inches of rain over short periods of time overwhelmed the storm and sanitary sewer systems.

Edina's Public Works and Engineering departments collaborate to make sure the City's infrastructure is in good working order and to determine repairs and replacements. In 2014, 3 miles of road, 2.97 miles of water mains, 2.71 miles of sanitary sewers and 0.36 miles of storm sewers were constructed, reconstructed or rehabilitated.

Generally, most infrastructure upgrades are performed during neighborhood street reconstructions. This allows the City to reconstruct the street and repair or replace underground utilities at the same time, costing less than it would as two standalone projects and with less impact on residents. If street reconstruction and infrastructure repair or replacement are done as separate projects, many pits and trenches would need to be dug in the street.

"Before we get to reconstruction, we prioritize our neighborhoods, looking at pavement, utilities and other traffic-related issues and balance needs of the system with funding, and pick neighborhoods with greatest need," said Engineering Director Chad Millner. "If we are able to do the work all at one time, the impacts are lower, the equipment is there, and there is often a cost savings for having it all as one project."

In 2014, the City spent \$5.1 million on water, sanitary and storm sewer infrastructure improvements, the majority of which coincided with street reconstructions. Millner said that in some cases, though, they don't upgrade the utilities during a street reconstruction because staff believes the useful life of the infrastructure can be extended until the next reconstruction.

"Typically, we lock neighborhoods into the reconstruction schedule two or three years out, but start planning them as many as five years out," Millner said. "The infrastructure and utility conditions can change year to year, which could move a project up higher in the priorities."

The City continuously plans for the eventual repair and replacement of infrastructure. The City employs an asset management system, which helps keep track of infrastructure. The system is used to set service levels; access the present condition; judge system performance; plan for repair, replacement or future upgrades; and assess risk.

"This system helps drive decisions," Millner said. "Information we need like the type of pipe, size, age, conditions and more is available. We keep building the dataset to make better and more defensible decisions. It also helps us know what is needed for when projects are sent for bids."

New technologies are also being used. A technique called non-destructive testing was used on water mains in the Arden Park D neighborhood reconstruction project, which helped provide a better understanding of the pipe's remaining life.

"Water mains are slowly eaten away from the inside and/or the outside. They are generally cast iron or ductile, and have a risk of being corroded, which thins the pipe walls," Bintner said. "The non-destructive test uses acoustics to listen to the valves and hydrants to get a sense of a pipe's thickness. It helps us decide if the pipes should be replaced now, or if they could last another 30 years."

Using this technique saved approximately \$300,000 in Arden Park. Because of its success, the City is using this testing technique two years in advance of any reconstruction.

"We are even seeing differences in pipe thickness in different areas of the City," Bintner said. "This test helps us be more efficient with dollars, where if something doesn't need to be replaced, that money can be re-allocated to a higher-priority asset."

"It's a matter of balancing areas with the highest needs with the available funding," Millner said.

Bintner echoed those comments. "Including the sanitary, storm and water utilities, we have more than 580 miles of pipes in the ground. There is a lot to do," he said.

For more information, contact the Engineering Department at 952-826-0371.

EDINA UTILITIES BY THE NUMBERS

- 1 RESERVOIR
- 4 TREATMENT PLANTS
- 4 WATER TOWERS
- 18 WELLS
- 150 PONDS AND WETLANDS
- 220 MILES OF WATER LINES
- 2,000 FIRE HYDRANTS
- 6,800 MANHOLES
- 13,800 WATER SERVICE CONNECTIONS
- 7 MILLION TO 8 MILLION GALLONS OF WATER PUMPED PER DAY ON AVERAGE
- 14.5 MILLION TO 22 MILLION GALLONS OF WATER PUMPED PER DAY DURING PEAK DEMAND

City Keeps Property Taxes Low for Property Owners

Edina maintains low municipal property taxes, with a current average of \$1,141 per year for a \$400,000 home. Put in context, this is less than half the municipal property taxes for a home in Richfield or Hopkins of the same value.

The City's low municipal property taxes can be attributed to two major factors.

"Past practices of good financial management by the City Council and City staff is one reason. The other reason is property value within the City," said Finance Director Eric Roggeman.

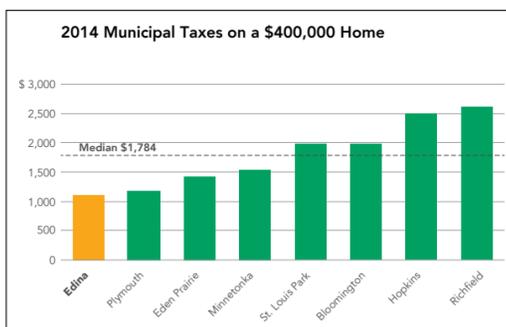
Thoughtful and intelligent planning by the City ensures municipal property taxes don't have to needlessly rise.

However, property value within the City is the most important factor in preserving City property taxes at bedrock levels.

"Edina's strong tax base continues to grow due to the appreciation in existing property values as well as in new construction," said City Assessor Bob Wilson.

Put simply, Roggeman states, "People want to live in Edina. They want to work in Edina. This raises property values, so that the rate of taxes on those properties stays low."

Though the City's property taxes are objectively low, illustrated through comparisons to other cities, there is a misperception reported by residents. The City's biennial Quality of Life Survey administered in 2013 reports that nearly 50 percent of residents who took the survey thought property taxes were about average in comparison to neighboring communities. Nearly 40



This year's average property tax compared to neighboring cities shows that Edina's are low, according to the LMC property tax calculator using 2014 data.

percent of those polled reported Edina property taxes as "somewhat high" or "very high."

"It is important for taxpayers to know where they stand in the greater Twin Cities with regards to their City tax burden," said City Manager Scott Neal. "We work hard in city government to share this information because it is something we can be proud of, as well as something that helps the value of our local real estate."

Wilson emphasized the fact that these lower municipal tax rates are not a recent phenomenon. Historically, Edina has proudly held municipal property taxes low.

Residents also pay property taxes to Hennepin County, their local school district and watershed district.

For more information, contact Roggeman at 952-826-0414 or visit www.EdinaMN.gov/Finance.

Many Streams of Revenue Support City Operations

Local property owners greatly contribute to the City of Edina's bottom line through property taxes; however, the City benefits from a variety of other channels of revenue.

User fees, licenses and permits, fines and forfeitures, special assessments, rentals, grants, franchise fees, state and federal aid and park dedication fees all ensure Edina's property taxes remain low.

User fees are fees paid to the City by program or activity participants. Aquatic Center season passes, Parks & Recreation program fees and building rental revenue are all examples of user fees.

Payment for licenses and permits is another channel of revenue that aids City operations. Licenses are required for such things as food preparation, liquor sales, lodging and massage locations. The City issues permits for parking ramps, vending machines, amusement devices and swimming pools, among other things.

Each year, the City receives an average of \$150,000 in donations. In 2014, more than \$100,000 was received.

"Every once in a while, the City receives a large grant that is significant to our budget. For example, in 2014, the City received about \$1.2 million dollars from the federal government for a project on France Avenue," said Finance Director Eric Roggeman. "However, that's not a regular source of income."

Franchise fees are another alternative source of revenue for the City. Franchise fees are payments received by the City in exchange for use of public land, benefitting both residents and the organization

providing a service for residents. In Edina, franchise fees are paid by cable television, power and natural gas customers.

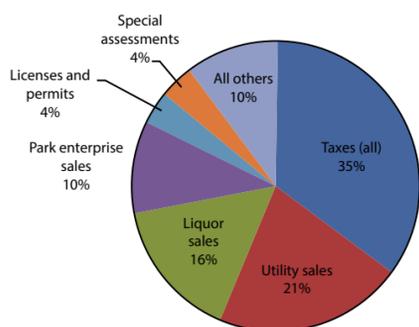
The City sometimes receives aid from other governments. As part of the federal government, the Federal Emergency Management Agency (FEMA) works to provide assistance and help respond to disasters that overwhelm local resources, once the governor declares a state of emergency. The City benefitted from FEMA dollars last year.

"We are very fortunate to have received federal assistance for fixing the damage to the bridge at 50th Street and reimbursing us for the expenses that were paid for sandbagging activities," said Public Works Director Brian Olson of the heavy rain that caused flooding last June.

Park dedication fees are another source of income that assists the City's ability to get significant projects done, specifically in the park system.

"In recent years, park dedication fees have been very helpful in our ability to get significant projects done in our park system," said Parks & Recreation Director Ann Kattreh. "Just recently, we completed a renovation of Countryside Park – including a new park shelter building, baseball field, playground, basketball court and trails – not achievable without park dedication fees received from the Waters of Edina."

For more information, contact Finance Director Eric Roggeman at 952-826-0414 or eroggeman@EdinaMN.gov or visit www.EdinaMN.gov/Finance.



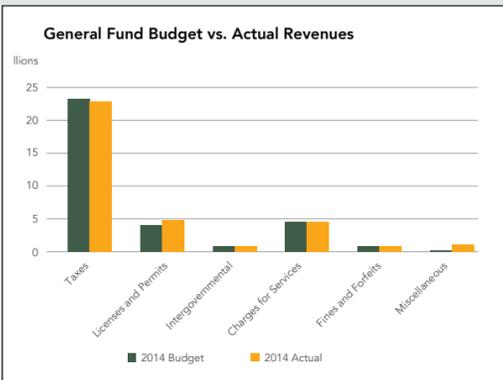
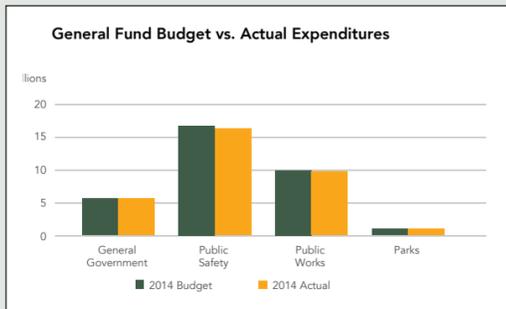
General Fund

General Fund Expenditures

	2014 Budget	2014 Actual	Variance	%
General Government	\$5,835,453	\$6,024,288	(\$188,835)	103%
Public Safety	\$16,863,624	\$16,462,293	\$401,331	98%
Public Works	\$9,874,018	\$9,669,174	\$204,844	98%
Parks	\$1,357,639	\$1,283,592	\$74,047	95%
Total	\$33,930,734	\$33,439,347	\$491,387	99%

General Fund Revenues

	2014 Budget	2014 Actual	Variance	%
Taxes	\$23,160,403	\$22,967,174	\$193,229	99%
Licenses and Permits	\$3,277,865	\$4,490,993	(\$1,213,128)	137%
Intergovernmental	\$1,093,500	\$1,197,284	(\$103,784)	109%
Charges for Services	\$4,132,766	\$4,236,442	(\$103,676)	103%
Fines and Forfeits	\$950,000	\$993,954	(\$43,954)	105%
Miscellaneous	\$551,100	\$1,470,570	(\$919,470)	267%
Total	\$33,165,634	\$35,356,417	(\$2,190,783)	107%



The General Fund is the chief operating fund of the City. Detailed in the graphs are the budget versus actual figures for both revenues and expenses. Expenses are presented by function, while Revenues are presented by category. At the end of the current fiscal year, actual revenues and expenses totaled \$35,356,417 and \$33,439,347, respectively, for an overall increase in fund balance before transfers of \$1,917,070. Actual expenses came in at 99 percent, or just \$491,387 short of the budgeted \$33,930,734 for 2014. Revenues came in at 107 percent of the budget, or \$2,190,783 over the budgeted amount of \$33,165,634. The largest overage was seen in the licenses and permits category as a result of continued residential and commercial redevelopment. Moreover, licenses and permits and parkland dedication fees collected as a result of the aforementioned redevelopment accounted for \$1,213,128 and \$757,278 of the overage respectively.

What Drives Utility Rates?

Summer brings warm, sunny weather and a season of construction and infrastructure improvements led by the City. These large-scale projects are much of what drives Edina's utility rates.

Each November, the City Council determines utility rates for the coming year. Decisions are based on utility infrastructure projects included in the Capital Improvement Plan (CIP) and a utility rate study prepared by financial advisors Elhers & Associates at the direction of the Finance Department.

Most of the City's utility infrastructure – water, sanitary sewer and storm sewer – was originally installed 50 to 60 years ago. Engineering Director Chad Millner said that all three systems are in need of improvements. In order to pay for those needs, the City uses money collected from its utilities customers. Millner said a decrease in these types of projects is not expected. The five-year CIP includes \$42 million in infrastructure projects to be completed between 2013 and 2017, averaging \$8.4 million per year.

The City of Edina's approximately 15,000 utility customers generated around \$17.5 million in 2014 from all utilities, a \$500,000 decrease from 2013, which Roggeman said can be attributed to heavy rainfalls that resulted in less lawn watering by residents.

"Water use varies from year to year based on the weather, and we take that variable into account when we set rates," said Finance Director Eric Roggeman. "Infrastructure replacement is a high priority for the City and will continue as planned."

Due to the aging infrastructure in need of upgrades, utility rates have been increasing at a rate of approximately 5 to 6 percent annually, something Roggeman expects to continue as the City rebuilds its infrastructure. Surrounding cities similar in age and size to Edina can expect to have similar rate increases, depending on the amount of reconstruction required. However, rates are determined based directly on the needs of Edina, not those of similar cities.

Utility rates are distributed evenly among residents and businesses. In 2007, Edina adopted a tiered water billing model, so those consuming more utility-related resources – those using water to irrigate their lawns more frequently, for example – pay a higher rate.

"In Edina, our summer usage can be double or even triple what our winter usage is because of lawn irrigation," said Roggeman. "We have to have extra infrastructure like wells and water towers to accommodate that higher usage and our City Council has made the decision that the cost of having this infrastructure to support that level of usage should be paid by the users who are generating that need."

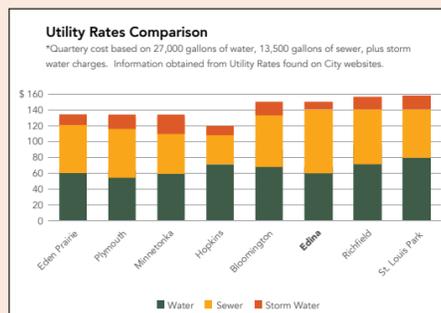
The City recently completed a water meter replacement project, which Roggeman said will help the City change the way it bills consumption from cubic feet into gallons.

"We currently bill in units of 100 cubic feet," he said. "The question we get is 'what's 100 cubic feet?' Nobody really knows. The answer we always give is that it's [equivalent to] 750 gallons. These meters are now reading gallons, and we will eventually be able to convert our billing over to gallons next year."

The City Council still needs to approve the changed rates, and, according to Roggeman, the discussion will begin this summer or fall. If approved, the conversion is likely to be implemented in early 2016.

Last year, the City completed neighborhood street reconstructions, water main improvements, sanitary sewer main improvements, storm sewer pipe and grading improvements and more. This year, projects include reconstruction on 54th Street, Valley View Road, neighborhood streets in Arden Park D, Prospect Knolls B, Countryside H and Dewey Hill G and more.

For more information on utility rates, contact the Finance Department at 952-826-0366. For more information on utility projects, contact Millner at 952-826-0318 or cmillner@EdinaMN.gov.



The City of Edina's approximately 15,000 utility customers generated around \$17.5 million in 2014 from all utilities.

Braemar Field and Backyard Rink are a Hit with Athletes



Photo by Michael Braun

The Edina Soccer Club, Edina Football Association, Edina Baseball Association and Edina Lacrosse Association were all instrumental in bringing Braemar Field to life.

A \$12.2 million project, Braemar Field and the Backyard rink at Braemar Arena had a successful first season, according to Braemar Arena Manager Susie Miller.

The dome over Braemar Field, a seasonally-covered turf field, was up from Dec. 5 to April 30 and brought in \$280,000 of revenue.

"It was a great winter," said Miller, who was also able to rent Braemar Field for 987 hours. "Those numbers are without November and the first week of December. Next winter, for the full season, I think our numbers will be even stronger."

The Edina Soccer Club, Edina Football Association, Edina Baseball Association and Edina Lacrosse Association were all instrumental in bringing Braemar Field to life. Each association had been pursuing field and facility expansions for a number of years. According to Lyn Gustafson of the Edina Lacrosse Association, Braemar

Field was a collaboration between the associations and the City.

"Braemar Field is another added benefit to living in Edina," said Gustafson. "It makes Edina the premiere community to be. We have everything [from a golf course to a sports dome] and our location is so centrally located that it is going to bring [people from] other communities into Edina."

"It was really neat to have the City Council, Mayor, City staff and consultants all working together with us to help make this a reality," said Mick Spence of the Edina Football Association.

Braemar Field measures 400 feet long, 250 feet wide and 75 feet high and is covered from November to April. The indoor turf field is surrounded by a turf track that is open to the public when baseball and lacrosse practices aren't taking place. While the field is uncovered, the turf field is able to withstand the cold rain that makes grass fields unplayable.

"Braemar Field is another added benefit to living in Edina. It makes Edina the premiere community to be."

— Lyn Gustafson
Edina Lacrosse Association

"It's been another rainy spring," said Recreation Supervisor Eric Boettcher. "We've had to cancel some practices, but no games, because we can move the games from Lewis Park (a peat grass field) to Braemar Field or the turf field at Pamela Park. In the past, we've had to cancel games and then it's a hassle for everyone when they need to be rescheduled."

The Backyard rink at Braemar Area, a covered regulation-size rink with a refrigerated sheet of ice, was made possible with the help of the Edina Hockey Association, which reserved 602 hours of ice time for its 1,300 players.

During the summer months, a sports court for futsal will be installed as a new seasonal addition to the Backyard.

"We like the space at Braemar Arena a lot," said Jeff Northrup, Vice President of the Edina Soccer Club's Board of Directors. "We'll have the ability to host tournaments or leagues. Plus, it's a venue that draws people from all sorts of different sports to one location."

In April, the City Council accepted the \$55,440 donation from the Soccer Club to buy a Sports Court. In exchange for the donation, the Soccer Club will receive up to 500 hours of scheduled practice hours annually for 15 years or for the life of the Sports Court.

Miller said that the staff will run recreational programs and sell additional time not used by the Soccer Club.

"The addition of the futsal sports court is important for the diversity of athletes who visit Braemar Arena," she said. "We want the Soccer Club to feel part of this facility. They will only add to our hub of activity!"

Futsal, a sport similar to soccer, has gained popularity among soccer clubs as a component of training.

For more information, visit www.EdinaParks.com or call Braemar Arena at 952-833-9500.

Roggeman, Sawyer Lead Finance Department



File photo

Eric Roggeman

Eric Roggeman has served as the City's Finance Director since last fall.

"The processes and procedures are already set and working well, so there aren't any big changes really needed," said Roggeman, of his first eight months as Finance Director.

"We are working off of a really good footprint and just taking opportunities to add efficiencies where we can," added Assistant Finance Director Kyle Sawyer.

Roggeman, who grew up in Marshall, Minnesota, graduated from St. John's University in St. Joseph, Minnesota, with a bachelor's degree in Accounting. Roggeman spent his first two post-grad years with the Minnesota Office of the Legislative Auditor completing audits of Minnesota state government, before he joined the public accounting firm KPMG as an accountant, completing audits of local governments, including the City of Edina. After three years of gaining experience and becoming a Certified Public Accountant (CPA), an Accountant position opened up at the City of Burnsville.

"I didn't want to travel as much and I wanted to work more regular hours with the same people at the same place," said Roggeman, of his transition into his role as an Accountant for the City of Burnsville. "I really enjoyed working for Burnsville and wanted to continue my career there."

However, when the Assistant Finance Director position opened up with the City of Edina in 2005, he couldn't pass up the opportunity for advancement, especially for a city he already knew so much about.

"When the opportunity opened up with Edina, it was a tough decision, but I'm glad I made it. It was a good one," he said.

While working as Assistant Director, Roggeman worked to secure the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting, an accolade the City has been awarded every year since 2006. The award encourages and assists state and local governments to go beyond the minimum

requirements in transparency and generally accepted accounting principles. He and his team also won the 2014-2015 Distinguished Budget Presentation Award. In previous years, only 30 or so Minnesota cities have been honored with the notable award.

Roggeman was able to bring home these awards with the help of his finance team, which includes Sawyer, who was promoted from Accountant after Roggeman took the lead in the Department.

"When we have time, we like to take a step back and try to put our own stamp on projects and see how we can improve what we're doing," said Sawyer.



File photo

Kyle Sawyer

Sawyer, who grew up outside of Madison, Wisconsin, graduated from the University of Wisconsin – Eau Claire with a bachelor's degree in Accounting and Finance. Right out of college, Sawyer found a job with the public accounting firm KDV, where he audited cities and schools across the state. For the same reason's as Roggeman, after three years, Sawyer decided to look for a job that would have him traveling less when he found the Accountant position with the City of Edina. Sawyer is also a CPA.

"I stepped into a good situation with [former Director] John [Wallin] and Eric," said Sawyer. "It's just a good City."

Roggeman and Sawyer are currently working on the 2016-2017 budget for the City. They hope to have the Council's preliminary approval in September, so that the budget can be finalized in December.

Jake Bosley, who began as Accountant for the City in November, graduated from the University of Minnesota – Twin Cities with a bachelor's degree in Sociology. He also holds an undergraduate certificate in Accounting from Saint Mary's University of Minnesota and is a Certified Public Accountant. Prior to working for the City of Edina, Bosely worked as a senior accountant for Mallow, Montague, Karnowski, Radosevich & Co., P.A.

For more information, contact the Finance Department at 952-826-0366.

Lodging Taxes Get 'Explore Edina' Off the Ground



File photo

Shelly Loberg started as Explore Edina's first Marketing Director in September 2014.

Edina is becoming a tourist destination with its great retail, dining and recreation opportunities. The new convention and visitors' bureau, Explore Edina, is helping to attract even more visitors to the city.

In April 2014, the Edina City Council approved a 3 percent lodging tax to fund Explore Edina. The tax is borne by those paying to stay in Edina's hotels. In the second half of 2014, the lodging tax generated more than \$214,000 for Explore Edina. Revenue is expected to nearly double in 2015.

"Explore Edina has been a great addition in promoting Edina to those who are looking for things to do and places to stay in the Twin Cities," said Economic

Development Manager Bill Neuendorf. "With them, we will continue to be a competitive place to visit, live and work."

"Competition is heating up [for visitors' dollars], especially in the Twin Cities," said Edina Chamber of Commerce President Lori Syverson, who led the initiative that led to the formation of Explore Edina. "It's only going to get more difficult to keep Edina on the map [for places to visit and stay]."

Syverson found that most surrounding communities, such as St. Louis Park, Richfield, Bloomington, Minneapolis and St. Paul, are actively promoting their communities to visitors. But Edina lacked a coordinated effort to attract visitors and groups to eat, shop and stay in Edina.

While it shares services with the Chamber, Explore Edina is its own independent 501(c)(6) organization with its own board of directors. Board members include Mayor Jim Hovland, City Manager Scott Neal, Jack Abdo, Joe Arends, Jerry Cohen, Marc Faubert, Terry Lewis, Tim Murphy, Sarah Nerison, Syverson and Rachel Thelemann.

Last fall, Explore Edina hired Shelly Loberg as its Marketing Director to lead the newly formed organization.

"Aside from the convenient accessibility to the Twin Cities area, there is a wide variety of activities



for visitors to take part in while staying in Edina," Loberg said.

In her first six months on the job, Loberg saw the creation of a new website, www.exploreedina.com; a destination visitors' guide and other marketing materials. Explore Edina is also carrying out a full marketing plan for outer Minnesota markets, such as Sioux Falls, South Dakota; Fargo, North Dakota; and Des Moines, Iowa.

Explore Edina has been a great partner," said Marc Faubert, General Manager of the Edina Westin – Galleria. "They have helped us and acted like an extension of our marketing team to push Edina as a destination."

"We hope to expand our media buys in those markets and continue to find opportunities to promote the tourism assets in the community," Loberg said.

Of the dollars received from hotels for the lodging tax, the City keeps 5 percent to cover the cost of administration.

For more information, visit www.exploreedina.com.

Golf Improvements to Drive Braemar's Financial Stability

In an effort to improve Braemar Golf Course's bottom line, the course will undergo several improvements.

Earlier this year, the Warren C. Hyde Clubhouse was renovated, including newer infrastructure and amenities in the ballroom and entrances. The restaurant area was also updated when Tin Fish took over operations of the grill.

"The clubhouse was very dark and dated," said Joe Abood, General Manager of Braemar Golf Course, 6364 John Harris Drive.

The building, constructed more than 50 years ago, has gone through a number of additions and small enhancements. It last saw an update in 2004 when new restrooms were added to the lower level, a fireplace was added to the expanded banquet room and other updates were made to the Harry Cooper lounge. This was the first overall indoor update most areas of the building have seen since it was built in 1963.

The updates created a more attractive, brighter and modern-looking facility with new carpets, paint, curtains and furniture. Abood said Tin Fish has been a great addition to the course.

"Tin Fish has improved the quality of our food service and has been a great addition," Abood said. "It's helping to attract a different audience that might not have ever visited Braemar before."

Tin Fish has a five-year lease to operate at Braemar Golf Course, with two renewal periods. Under the lease, Tin Fish pays the City 12 percent of its gross revenue, expected to be more than \$300,000. It also pays \$1,200 per month for common areas such as maintenance and utilities.

Beginning in early July, more construction at Braemar will begin when the driving range and executive course close for renovations. The \$1.8 million in upgrades are expected to be completed as early as late spring of 2016.

"The underlying reason to do the entire project was...to expand the driving range to create a bigger teeing surface and a farther, longer driving range," Abood said. "To do that, we had to expand out into the executive course" and convert it to a Par 3 course.

The grass area of the driving range will almost double to 300 yards long and will accommodate up to 58 golfers at a time. To make room for the new layout, the executive course will also be adjusted.

The executive course will be converted to a Par 3, and will incorporate attributes golfers liked about the now-closed Fred Richards Executive Golf Course, such as larger greens with two pins on each, and be more welcoming to players of all skill levels. The wetlands and buffer areas will also be improved and expanded as part of the construction, as well as upgraded irrigation.

"We think this is a great stepping stone for people to learn the game of golf and move from there to the 18-hole golf course," said Jon Schmenk of Herfort Norby Golf Course Architects. "We really want it to be a great place for anyone to start playing golf."

"In the short term, we want to get this area stable so the driving range and short course can be enjoyed by those who want to play it," said City Council Member Mary Brindle.

To accommodate golfers during construction, the Braemar Golf Dome will re-open and a shorter course will be created on the Clunie 9.

While these upgrades are anticipated to finish in the spring of 2016, another project at Braemar Golf Course could begin in the fall of 2016. In early June, the City Council approved the Braemar Golf Course Master Plan, which includes rebuilding Braemar's 27 holes into a better 18-hole course.

Staff have begun negotiations for design and construction of the project, which is intended to turn the municipal golf operation around. In 2013, the City's golf operation ran a \$400,000 deficit. That was the fourth year in a row

of operating losses. Braemar's losses in 2014, which includes both the golf course and dome, were \$71,196. By early June 2015, revenue is up 3 percent while operating expenses are down 20 percent.

"This is a strong, financial decision and the best option for the City," Abood said. "It's a better decision to consolidate and improve the course, and have a great 18-hole course for the future."

By rebuilding the 18 holes in the 27-hole footprint, property not used for golf could be used for other practice facilities or park purposes, including year-round, multi-use trails; an environmental education area; winter sport use; a four- or six-hole practice course; putting course; putting and chipping area; disk golf; fields or playground.

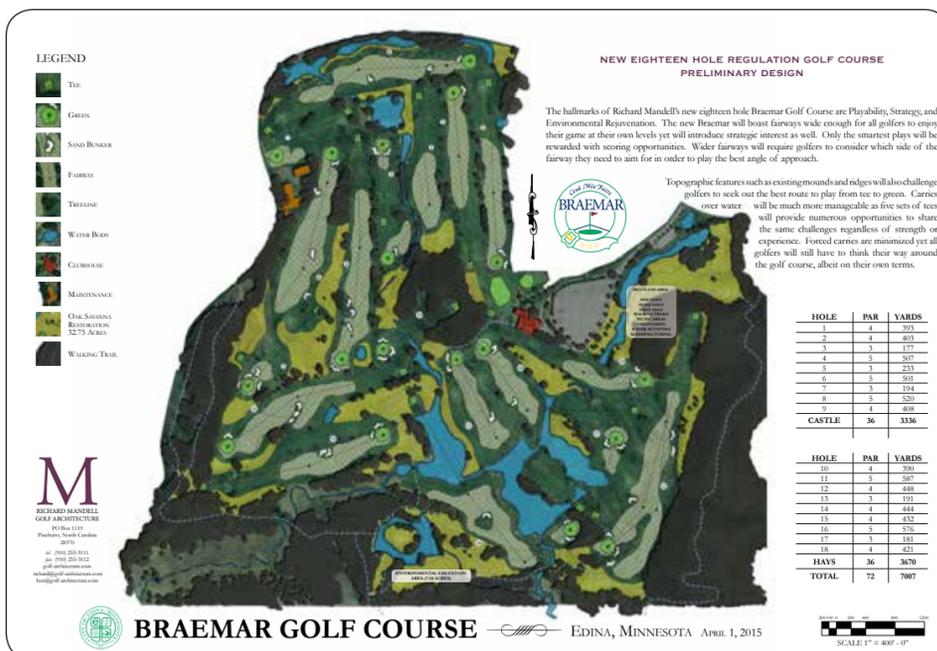
Construction of the new 18-hole course could open as early as summer of 2018, and is expected to cost approximately \$7 million.

"We have a good asset with Braemar," Abood said. "The improvements will make Braemar into a great product and will be more solid in the future."

"A couple years ago, we were worried about the future of Braemar," said Edina Mayor James Hovland. "Now we have a plan ... for the best driving range in the state, practice facility, and now to plan out the best golf course."

When all of the projects are finished, Braemar Golf Course is anticipated to generate \$269,000 in operating income by 2020. The City expects complete cost recovery, including those for renovations, once complete.

For more information, contact Abood at 952-903-5754 or jabood@EdinaMN.gov.



In 2016 and 2017, Braemar Golf Course will be reconstructed into an 18-hole course, expected to reopen in 2018.

Edina Liquor Adapts To Compete In Changing Liquor Market



More than \$1 million in 2014 profits from Edina Liquor went toward City funds, including \$150,000 to the Construction Fund, \$485,000 to the Golf Fund, \$200,000 to the Arena Fund, and \$200,000 to the Art Center Fund.

The slogan is bold. Edina Liquor is "where profits get poured back into the community."

What does this mean? It's simple: 100 percent of Edina Liquor's profits go back into the community to support facility operations, keep taxes low and roads smooth.

Edina Liquor has to work harder and smarter in the ever-changing liquor market populated with large retail stores. Channeling revenue to aid the City is no simple feat.

"The whole liquor industry has changed. So, we have to reinvent some of things we do," said Liquor Operations Director Steve Gausam. "We have to look at different marketing opportunities, different ways of purchasing and entirely new ways to operate and compete in this changing liquor market."

For Edina Liquor, this means capitalizing on the traits that set them apart from their competitors. Educating staff and offering them the tools to be more knowledgeable about store product allows for better customer service. Choosing to invest in a better point-of-sale system allows for better analysis of analytics to improve marketing efforts. Increasing inventory selection and remodeling – such as the 50th & France store remodeling project last October – are also things Edina Liquor is doing to compete.

"We spent money on resources that will benefit us for many years to come. We are looking at the long-term viability of Edina Liquor," said Gausam. "We can always get better and we are always trying to get better."

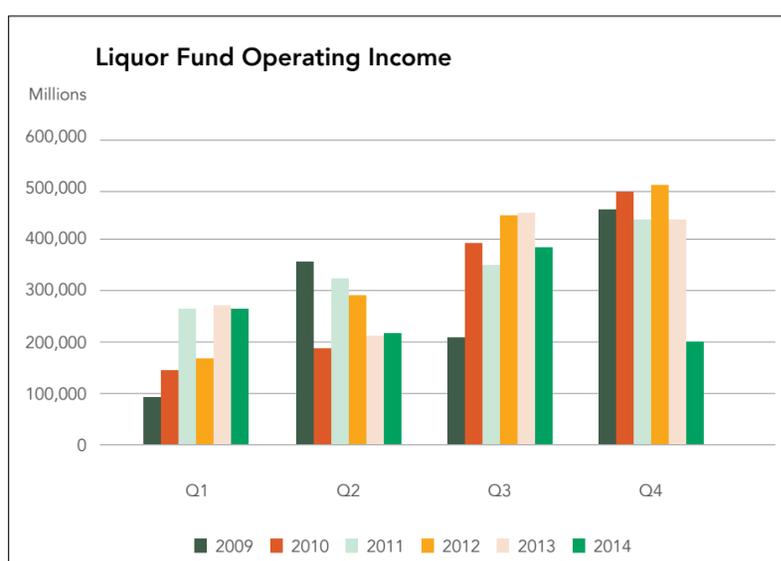
These new enhancements and projects work to maintain Edina Liquor's position to compete. With a decrease of 6.8 percent in customer counts and sales down 11.4 percent from the previous year, stats suggest a more niche market for the City-owned stores. However, this is not "negative;" it's just an effect of a different market landscape. Edina Liquor still serves as a profitable venture for the City and a beneficial choice for liquor consumers who would like to aid in the prosperity of their community.

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"In the new marketplace, we have to adjust some of our expectations. But, it is a sustainable enterprise going forward," said Finance Director Eric Roggeman.

"We can't compete all the time on price with big box retailers. But, we know our customers are willing to spend a little bit more to shop locally if they are getting treated well, receiving great customer service and know their payment will benefit the community," said Gausam. "Customers should feel good knowing that their payments are going back into their community, rather than someone else's pocket."

For more information, contact Gausam at 952-903-5732 or visit www.EdinaLiquor.com



The Finance Department tracks Edina Liquor's operating income by quarter. While operating income was down in 2014 compared to 2013, Edina Liquor continues to be profitable and ended 2014 with an operating income in excess of \$1 million.

