

DECISION RESOURCES, LTD.

SUMMARY OF FINDINGS *2010 City of Lakeville Business Study*

Business Demographics:

The typical Lakeville business has been at its current site for nine years. Eleven percent are there two years or less, while 11% operated there for over twenty years. The typical Lakeville business also reports five full-time employees and 3.4 part-time employees. But, 14% of these businesses have at least 15 full-time employees. In contrast, 15% are home-based businesses. Fifty-eight percent of Lakeville businesses are service enterprises, 18% are retail stores, and 14% are manufacturing operations.

Forty-eight percent of the respondents are managers, 43% are owners, and six percent, Presidents of their companies. Fifty-nine percent live in the City of Lakeville, while another 18% reside in other Dakota County communities. The key reason for not residing in Lakeville is longevity in their home cities.

Forty percent are current members of the Lakeville Chamber of Commerce, nine percent are past members, and 51% are non-members.

Business Environment:

The main reasons for a business selecting Lakeville is “location,” at 46%. Twelve percent are “home-based” businesses, while nine percent “bought an existing business.” A very high 85% rate the business atmosphere in Lakeville as either “excellent” or “good.” Only 14% are more critical in their evaluations.

“Location,” again, is the most popular aspect liked by Lakeville businesses, posted by 48%. Twenty percent point to its “customer base,” while 12% cite “friendly people,” and 11%, “nicer community.” An impressively high 51% report there is “nothing” they like least about the city. Twenty-four percent cite “high taxes,” about 15% lower than the suburban business community

norm. Five percent each point to “location” and “city signage rules.”

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Only three percent report plans to move their businesses from the community in the next five years. Another four percent, though, reports it depends on factors outside the control of the City, like “lack of customers” and “lack of existing space.” Only one percent of Lakeville businesses report their impending move is caused by “high taxes.”

City Service Ratings:

When only the opinions of business owners/managers providing ratings of a service are considered, the percentage of favorable ratings ranges between 81% and 99%. The table below arrays each service with the percentage of informed respondents who rate it as either “excellent” or “good.”

| City Service | Favorable Rating |
|--|-------------------------|
| Fire protection | 99% |
| Police protection | 99% |
| Upkeep and maintenance of parks | 99% |
| Animal control | 97% |
| Education programming provided by the Police and Fire Department | 96% |
| Storm drainage and flood control | 96% |
| Condition of city trails | 96% |
| Park and recreation programming | 95% |
| Snowplowing of city streets | 95% |
| Community celebrations | 94% |
| Traffic enforcement | 94% |
| Outdoor ice rinks | 93% |
| Park ranger program | 91% |
| Street sweeping | 91% |
| Street lighting | 91% |
| Property maintenance enforcement | 90% |

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| City Service | Favorable Rating |
|--|-------------------------|
| Snow removal on city trails | 89% |
| Arts Center programming | 89% |
| Forestry program | 89% |
| Senior Center programming | 89% |
| Upkeep and maintenance of city beaches | 88% |
| Mowing of boulevards | 88% |
| Building and inspection services | 87% |
| Lighting along bicycle and pedestrian trails | 86% |
| Quality of drinking water | 84% |
| Street maintenance and repair | 82% |
| Economic development and planning | 81% |

The mean favorable percentage for all city services is 91.4% – about three percent higher than the mean favorable percentage awarded by city residents. Business owners/managers are actually more satisfied with city services than city residents.

Importance of City Services:

In the second column, the table below shows each service with the percentage of respondents who consider it to be “essential.” The third column is an importance score based upon the rank in comparison with other services of the combines percentage of “essential” and “very important” ratings.

| City Service | Essential Rating | Importance Score |
|-----------------------------|-------------------------|-------------------------|
| Fire protection | 88% | 1 |
| Police protection | 88% | 2 |
| Quality of drinking water | 66% | 3 |
| Snowplowing of city streets | 62% | 4 |

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| City Service | Essential Rating | Importance Score |
|--|-------------------------|-------------------------|
| Street maintenance and repair | 61% | 4 |
| Storm drainage and flood control | 58% | 6 |
| Traffic enforcement | 68% | 7 |
| Street lighting | 63% | 8 |
| Property maintenance enforcement | 27% | 9 |
| Economic development and planning | 30% | 10 |
| Lighting along bicycle and pedestrian trails | 39% | 11 |
| Building and inspection services | 16% | 12 |
| Upkeep and maintenance of parks | 22% | 13 |
| Mowing of boulevards | 24% | 14 |
| Senior Center programming | 15% | 15 |
| Education programming provided by the Police and Fire Department | 22% | 16 |
| Street sweeping | 27% | 17 |
| Animal control | 11% | 18 |
| Upkeep and maintenance of city beaches | 13% | 19 |
| Snow removal on city trails | 13% | 20 |
| Park and recreation programming | 9% | 21 |
| Condition of city trails | 14% | 22 |
| Community celebrations | 18% | 23 |
| Arts Center programming | 53% | 24 |
| Forestry program | 8% | 25 |
| Park ranger program | 7% | 26 |
| Outdoor ice rinks | 9% | 27 |

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The average essential rating given to the 27 city services is 34.5%, over 11% higher than the average awarded by city residents. The top four scoring services are awarded ratings of almost double the norm.

City Taxes and Funding:

Business managers and owners tend to feel their property taxes are “high” in comparison with nearby cities. Fifty-six percent view them as either “very high” or “somewhat high,” while 18% consider them to be “about average,” and 26% are “unsure.” When only city property taxes are considered, 52% find them comparatively high, 20% see them as “about average,” and 27% are “uncertain.” By about three-to-one, 64% to 23%, business owners/managers rate the value of city services compared with the taxes paid favorably. In general, businesses think the city share of their property taxes is 26.5%, well above the actual 15.0%.

The table below shows each service with the percentage of respondents who consider it to be a candidate for cutting or elimination, and a score, indicating its rank among all 27 services for preservation.

| City Service | Cut/Eliminate Percentage | Funding Priority |
|--|---------------------------------|-------------------------|
| Fire protection | 2% | 1 |
| Police protection | 3% | 2 |
| Quality of drinking water | 3% | 2 |
| Snowplowing of city streets | 5% | 4 |
| Street maintenance and repair | 5% | 4 |
| Street lighting | 6% | 6 |
| Traffic enforcement | 9% | 7 |
| Storm drainage and flood control | 12% | 8 |
| Senior Center programming | 16% | 9 |
| Property maintenance enforcement | 17% | 10 |
| Lighting along bicycle and pedestrian trails | 17% | 10 |
| Animal control | 18% | 12 |
| Community celebrations | 19% | 13 |

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| City Service | Cut/Eliminate Percentage | Funding Priority |
|--|---------------------------------|-------------------------|
| Economic development and planning | 20% | 14 |
| Street sweeping | 21% | 15 |
| Condition of city trails | 21% | 15 |
| Building and inspection services | 22% | 17 |
| Education programming provided by the Police and Fire Department | 23% | 18 |
| Mowing of boulevards | 23% | 18 |
| Snow removal on city trails | 28% | 20 |
| Park and recreation programming | 28% | 20 |
| Upkeep and maintenance of parks | 29% | 22 |
| Upkeep and maintenance of city beaches | 29% | 22 |
| Arts Center programming | 32% | 24 |
| Forestry program | 32% | 24 |
| Park ranger program | 35% | 26 |
| Outdoor ice rinks | 37% | 27 |

The average “cut/eliminate” percentage given to the 27 city services is 19.0%. Only the bottom ranked services have “cut/eliminate” percentages almost double the norm.

Business owners/managers who wanted to increase funding for any service – 20% of the sample – opposed a property tax increase to provide this additional funding. And, business owners/managers who wanted to maintain funding for any service also opposed a property tax increase by a 68%-11% margin. In any case, a narrow 41%-38% plurality support service cuts if it would reduce their current city property taxes.

Communications:

By far the most preferred sources of information about City Government and its activities are the “local newspaper,” and the “City Newsletter,” mentioned by 71% and 72%, respectively. Next, the “City’s website” is posted by 57%.

Concluding Thoughts:

To create an overall budget priority ranking, the scores indicating the importance of a service and the funding priority are combined – the lower the overall score, the greater the desire of the public to protect that service’s funding. The table below arrays the priority ranking for each service.

| City Service | Impor- tance | Funding Priority | Priority Ranking Score | Positive Rating |
|--|-------------------------|-----------------------------|---------------------------------------|----------------------------|
| Fire protection | 1 | 1 | 2 | 99 |
| Police protection | 2 | 2 | 4 | 99 |
| Quality of drinking water | 3 | 2 | 5 | 84 |
| Snowplowing of city streets | 4 | 4 | 8 | 95 |
| Street maintenance and repair | 4 | 4 | 8 | 82 |
| Street lighting | 8 | 6 | 14 | 91 |
| Traffic enforcement | 7 | 7 | 14 | 94 |
| Storm drainage and flood control | 6 | 8 | 14 | 96 |
| Property maintenance enforcement | 9 | 10 | 19 | 90 |
| Lighting along bicycle and pedestrian trails | 11 | 10 | 21 | 86 |
| Senior Center programming | 15 | 9 | 24 | 89 |
| Economic development and planning | 10 | 14 | 24 | 81 |
| Building and inspection services | 12 | 17 | 29 | 87 |
| Animal control | 18 | 12 | 30 | 97 |
| Mowing of boulevards | 14 | 18 | 32 | 88 |
| Street sweeping | 17 | 15 | 32 | 91 |
| Education programming provided by the Police and Fire Department | 16 | 18 | 34 | 96 |
| Upkeep and maintenance of parks | 13 | 22 | 35 | 99 |
| Community celebrations | 23 | 13 | 36 | 94 |

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| City Service | Importance | Funding Priority | Priority Ranking Score | Positive Rating |
|--|-------------------|-------------------------|-------------------------------|------------------------|
| Condition of city trails | 22 | 15 | 37 | 96 |
| Park and recreation programming | 21 | 20 | 41 | 95 |
| Upkeep and maintenance of city beaches | 19 | 22 | 41 | 88 |
| Arts Center programming | 24 | 24 | 48 | 89 |
| Snow removal on city trails | 20 | 20 | 40 | 89 |
| Forestry program | 25 | 24 | 49 | 89 |
| Park ranger program | 26 | 26 | 52 | 91 |
| Outdoor ice rinks | 27 | 27 | 54 | 93 |

The top quartile of services – the first seven services boxed by a double-line border – should be prioritized to maintain funding at current levels and/or make changes which will improve these services. The second quartile of services – the second seven services boxed by a double-lined border – should have funding reduced judiciously, if necessary. The third quartile – the third seven services boxed by a double-lined border – should be considered candidates for moderate or average funding cuts. The fourth quartile – the fourth seven services boxed by a double-lined border – are primary candidates for large cuts or service termination.

Unique to Lakeville, business owners/managers view the City of Lakeville even more favorably than residents. Tax hostility is an issue, but not at the levels seen in other suburban business communities. Even so, the value of city services in terms of the city property tax level is among the highest in the Metropolitan Area. Over the years, the City of Lakeville made exceptional efforts to link with the business community – that partnership has resulted in a reservoir of goodwill toward the City enterprise.