

Results

MINNEAPOLIS

IGR

October 11, 2011

Table of Contents

IGR

| Performance Measures | Page |
|--|-------------|
| 1. Status of priority state legislative issues from 2011 | 3 |
| 2. Bonding requests and funding | 14 |
| 3. Federal agenda | 16 |
| 4. Comparative Federal expenditures, by City  | 18 |
| 5. Aids and grants: Federal, state, and local | 23 |
| 6. Local Government Aid (LGA) | 24 |
| 7. Value of grants awarded and applied for | 25 |
| 8. Coordination of Minneapolis Recovery efforts | 27 |
| 9. Coordinator Management Services Survey  | 29 |

Introduction

Prior to the November, 2010 elections, many political observers predicted a change in the Governor's Office and no change in majority parties in either body of the legislature. The election resulted not only in a change in the Governor's Office but also a change in leadership in the House and Senate.

In introducing their legislative agenda, the new Republican legislative leadership stressed that government should be smaller and the state should live within its means. The leadership pledged that the budget would be balanced without revenue increases. The Governor, however supported a budget solution that included a mix of revenue increases and budget cuts. To accomplish its budget goal the legislature's budget solution included numerous reductions to programs utilized by Minneapolis and other cities. Among them were local government aid, market value homestead credit, economic development and employment training and public health programs. In many proposals including the vetoed end of session tax bill cities such as Minneapolis, St. Paul and Duluth and regions like the Iron Range were subject to additional funding reductions, phase-outs, or transfer of special funds to the general fund.

The budget was the focal point of the 2011 Session. Most non-budget issues have been delayed until the 2012 session. Being aware of the narrow but critical focus of the session the city implemented its legislative program by recognizing and emphasizing partnerships with the Governor's Office, other cities and city organizations and coalitions to advance legislative issues. Therefore, the 2011 Session achievements table lists the status of issues that had impact on the city and were actively advocated by the city and its partners. The table is modified from prior Results reports in that it identifies not only issues that are in the city's legislative agenda but also those issues that impact the city and were not included in the agenda.

The city was also able to secure funding for a capital project even though the bonding bill is usually a major agenda item during the even year session of the biennium (2012). Prior to the Session it was widely reported that Governor may introduce a bonding bill. The city drafted capital bonding bills for its projects and had them introduced early in the Session. The city was also able to have three of them included in the Governor's 2011 bonding bill. One of the proposals was adopted as part of the \$500.0 million bonding bill that was signed by the Governor.

Near the end of the 2011 Session, a tornado struck the North Side. The department working with area legislators and the city elected officials prepared a disaster relief bill for introduction in the First Special Session. Sections of the bill were contained in legislation that was signed by the Governor.

[See tables on following pages]

Why is the measure important?

The city annually adopts a legislative agenda. The agenda is divided into policy areas and within each area policy statements are grouped as “priority” or “support” items. Priority items are those items that IGR will be the lead or an active participant with others in the policy development process. Support items are those policies that the City supports and may participate in its policy development.

Progress is measured by such benchmarks as bill introduction, committee hearing, committee passage, inclusion in an omnibus bill and signature by the Governor. Lack of action on an issue leads to reassessment of the issue and possible modifications in policy and strategy.

What will take to make progress?

During 2011 progress was made in several policy areas including public safety, municipal governance, economic development and pensions. Progress in some cases as indicated in the table is defined as having the bill not move towards passage.

The city will continue to develop proposals that are well researched and vetted with city staff, interest groups and other partners. The lack of progress in the areas noted in the first table is generally attributed to the state budget deficit and limited discussion of policy issues. A resolution of the structural budget issue would permit the consideration of several city issues that do not have state budget considerations.

Status of priority state legislative issues from 2011 (1/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|----------------------------|--|------------------------------|--|--|
| Local Gov't Finance | LGA: fund at its promised amount of \$526.0 million | Priority | Reduction | LGA funded at the 2010 level of \$426.4 million. All cities will receive a 2011 LGA payment equal to their 2010 amount. |
| Local Gov't Finance | LGA Continuation | Priority | Successfully Opposed | Bills introduced to eliminate LGA and to phase cities of the first class out of the LGA program by 2014. Phase-out language included in a Tax bill vetoed by the Governor. |
| Capital Bonding | Plymouth Avenue Bridge Rehabilitation | Priority | Included in the Governor's Bonding bill. Bills introduced. | Funded out of general state Bridge Bonds |
| | Granary Road | Priority | Included in the Governor's Bonding bill. Bills introduced. | No funding received. |
| | 10th Avenue Bridge Arch rehabilitation | Priority | Bills introduced | No funding received. |
| | Target Center Improvements | Priority | Included in the Governor's Bonding bill. Bills introduced. | No funding received. |
| | I-35W 3rd and 4th Street Interchange | Priority | Project removed from state bonding list. | Received federal funds |
| | Grand Rounds Scenic Byway Lighting Renovation | Priority | Bills introduced | No funding received. |
| | 35W South and 35W North Storm Tunnel Preservation Projects | Priority | Bills introduced | No funding received. |
| | Hiawatha LRT Corridor Development | Priority | Bills introduced | No funding received. |
| | Limits on local government bonding authority | Not on City Agenda - Defense | Successfully Opposed | Bill prohibited use of bonding authority for pension and health care expenses. |

Status of priority state legislative issues from 2011 (2/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|-------------------------|--------------------------------------|-----------------|------------------|---|
| Public Safety | Public Safety Funding | Priority | Reductions | <p>Omnibus Public Safety and Judiciary Finance bill spends \$1.981 billion for the FY12-13 biennium. Highlights for the City include: Civil legal services funded (\$22.8 million, 6.7% reduction); District Courts received a \$6.063 million increase over the previous biennium: Public Defense services funded (\$131.8 million, \$2.5 million increase). The Board must use additional state funding for constitutionally mandated services, increased transcript costs, expert witness costs and investigations, and to alleviate caseloads by hiring additional public defenders; Department of Public Safety (\$317.3 million); Office of Justice Programs (\$66.0 million, a \$2.66 million reduction from the previous biennium; State Fire Marshall (\$19.96 million). Of this amount, \$4.227 million in 2012 and \$4.228 in 2013 is transferred to the state general fund. The \$8.5 million biennial general fund transfer is approximately \$4.8 million less than the Legislature approved during the 2011 regular session in a bill vetoed by the Governor.</p> |
| | Sex Offenders | Priority | Passed Committee | <p>The City worked with legislative authors on a bill to create a statewide Sex Offender Task Force to examine issues of concern to the City. City staff ensured that particular issues such as concentration, release plans, housing, and funding were included in the list of topics the Task Force was required to discuss. The bill was not included in the final Omnibus Public Safety bill.</p> |
| | Prostitution Statutes | Priority | Passed | <p>A City-led bill to restructure the prostitution statutes for better data and to ease federal compliance issued passed in the Special Session.</p> |
| | Human Trafficking | Priority | Passed | <p>The City supported legislation that sought to treat minors involved in human trafficking as victims, rather than criminals. The legislation requires these young people be treated by the judicial system as a Child in Need of Protective Services (CHIPS). They are to be given supportive, diversionary programs and resources. Prosecutors are prohibited from charging these youth. For older youth (over 16) with multiple arrests, prosecutors retain the ability to charge after the second offense.</p> |
| | Careless Driving Penalties Increased | Priority | Passed Committee | <p>The City supported legislation that would allow for a gross misdemeanor and increasing penalties for careless driving offense if driving conduct results in a fatality. The City prefers the penalty be extended to include "or great bodily harm." The City will continue to work with legislative authors to include this additional language.</p> |

Status of priority state legislative issues from 2011 (3/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|-------------------------------|--|-----------------------|------------------------------------|---|
| Public Safety | Extend Sunset for Driver's Pilot Project | Priority | Passed | The City supported legislation to extend sunset or make permanent a Department of Public Safety pilot program for drivers who drive after cancellation, suspension or revocation. The program was set to expire in 2011 and was successfully extended to 2013, and broadened to include counties. |
| | Opposed Pawn Shop Changes | Priority - Opposition | Passed, City amendments adopted | As introduced, the legislation restricted cities' ability to enact ordinances that differed from those in statute, such as ordinances that require holding times, and record keeping. The final enacted legislation preserved cities' existing powers, and gave cities expanded authority to restrict the location of pawnshops. |
| | Community Policing and Immigrant Rights - Separation Ordinance | Support | Bill introduced, committee hearing | The City opposed legislation that would have required all public employees to inquire about the immigration status of any person they suspected of being an undocumented resident. |
| | Gun Control | Support | Bill introduced, committee hearing | The City opposed legislation that would have made sweeping changes to the state's fire arms laws. Changes included restrictions on law enforcement's ability to disarm citizens, allowing greater use of force in a home (Castle Doctrine), and changes to background check requirements to comply with federal reporting, which has a lower standard than Minnesota. |
| Pension Sustainability | Pension Sustainability | Priority | Passed | Omnibus Pension bill enacted. Minneapolis Police Relief Association and the Minneapolis Fire Relief Association authorized to consolidated into PERA. |

Status of priority state legislative issues from 2011 (4/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|---|-----------------------------|-----------------|-------------------------------|--|
| Transportation | Corridors | Priority | Passed in Bonding bill | The legislature passed and the Governor signed a bonding bill that included \$20.0 million for transit capital improvements, including North Star, the Minneapolis Interchange Facility, and the 35W/Cedar BRT Corridors. |
| | Transit | Priority | Small reduction and shifts | After a Governor's veto of a bill that would have cut approximately \$140.0 million of the general fund dollars for Metro Transit, a Special Session transit funding bill was passed that provided a large but much less significant cut of \$51.0 million over the biennium. However the cuts were softened by CTIP contributions and reserves being surrendered by the opt-out transit providers. |
| | Alternative Funding Sources | Priority | Bills introduced, no hearings | While a few bills were introduced this session, no hearings we conducted for alternative funding sources, such as Transit Improvement Areas. |
| Affordable Housing and Homelessness Prevention | Foreclosure: Prevention | Priority | Passed, Reduction | The Department of Employment and Economic Development's final Special Session budget included the Governor's recommendation for the Homeownership Education, Counseling, Training Fund (HECAT) of \$1.5 million for the biennium, as compared to the \$1.2 million passed in the regular session conference committee agreement. A reduction of \$228,000. |
| | Foreclosure: Notification | Priority | Passed | Legislation improving notification of foreclosure to tenants and clarification of tenants' right to remain in the property past the redemption period if a lease is still in effect. |
| | Foreclosure: Reoccupation | Priority | Passed | Legislation regarding market-rate housing TIF for foreclosures. Bill extends the 10% pooling provision allowed under current tax TIF law for affordable housing to be used for market rate housing if parcels meet qualifying conditions. Generally, it is \$200,000 for those houses in the metro area, and \$125,000 in all other parts of the state. The bill limits those to qualifying parcels that have been vacant six months or have been foreclosed. Provision sunsets in 2016. |

Status of priority state legislative issues from 2011 (5/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|---|---|-----------------------|---|---|
| Affordable Housing and Homelessness Prevention | Housing Funding | Priority | Reductions, increases, and flat funding | Minnesota Housing budget reduced \$5.943 million (7.2%). Housing bonds were not included in the bonding bill. Challenge Program: \$13.91 (\$876,000 reduction); Nonprofit Capacity Building Grants: \$250,000 (42% reduction); Preservation (PARIF): \$14.626 million (\$201,000 increase); Homeownership Assistance: \$1.594 million (\$201,000 reduction); Rehabilitation Loans: \$4.898 million (\$2.164 million reduction). |
| | Homelessness Prevention | Support | Reductions, increases, and flat funding | Housing Trust Fund Housing Trust Fund: \$19.11 million (\$2.0 million increase); Bridges and Family Homeless Prevention flat funded at \$5.276 million. Family Homelessness Prevention: \$14.93 million (flat funded). |
| Municipal Governance | Liquor License: General Law | Support | Passed, City amendments adopted | Bill included provisions supported by the City. Included in the bill were: brewery tap room license bill (Surly bill); wine festivals clarification; private college liquor license authority. |
| | Liquor Law: Reasonable Conditions | Priority | Bill introduced, no committee hearing | Amendments to state law so that reasonable conditions may be imposed uniquely to a given liquor licensee whether the license has already been issued or not and without passing an ordinance laying out the terms and conditions for that particular licensee. Joint effort between the City and League of Minnesota Cities. |
| | Variations | Support | Passed | Bill passed to once again allow cities to issue variances to local land use designations. Joint effort between the City and League of Minnesota Cities. |
| | Election Law | Support | Passed | League of Minnesota Cities led a coalition effort to make administrative changes to election law. A Minneapolis-led provisions included in the final bill allows consolidations of local polling places. |
| | Disability Parking | Support | Passed | City-led effort to clarify state law in order to better enforce expired disability permits. |
| | Opposed restrictions to city licensing authority - Pawn Shops | Priority - Opposition | Passed, City amendments adopted | See Pawn Shop legislation in Public Safety section. |

Status of priority state legislative issues from 2011 (6/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|-------------------------|---|-----------------------|---|---|
| | Opposed restrictions to city licensing authority - Food Inspections | Priority - Opposition | Passed, City amendments adopted | City opposed legislation that would have eliminated local authority to conduct food and beverage inspections at publically owned facilities such as the Convention Center. |
| | Local Land Use Control - Hyrdoelectric | Priority - Opposition | Bill introduced, committee hearing | Supported the opposition to the development of a hydroelectric plant on the Minneapolis River front for reasons of local control of land use. |
| | Local Land Use Control - Well Drilling | Priority - Opposition | Bill introduced, committee hearing | City supported opposition to legislation that would have taken away cities' authority to regulate well drilling. |
| City Livability | Public Health: State Health Improvement Program (SHIP) | Priority | Reduction | Statewide Health Improvement Program (SHIP) was funded at \$15 million (about a 70% reduction from current level). |
| | Health Care access for all, eliminating health disparities | Priority | Reductions, increases, and flat funding | Final Special Session agreement added \$500 million to the health and human services omnibus budget over the regular session bill. Total HHS budget is \$11.4 billion (11.6% , \$1 billion increase over current state funding levels). This is less than the amount contained in the November 2010 forecast due to rate reductions, grant cuts, and savings projected from various reforms contained in the bill. Final agreement maintains health care coverage for 100,000 lower income residents and creates a voucher system for those with incomes above 200% of FPG. Governor's position on restructuring and combining programs prevailed. MFIP was reduced by \$20 million (10%) in each of the upcoming biennium. |
| | Funding for and access to General Assistance Medical Care, MinnesotaCare, Medical Assistance, and urban family planning programs. | Priority - Opposition | Reductions, increases, and flat funding | General Assistance Medical Care (GAMC) was a state-funded program for low-income adults without children who did not qualify for federally funded health care programs. The program ended Feb. 28, 2011 and enrollees were automatically moved to Medical Assistance (MA), Minnesota's Medicaid program. The legislature had proposed ending state funds to the state Family Planning grant program, and reducing the Eliminating Health Disparities Grants by \$3.142 million (33%) in the regular session. These reductions were not in the final Special Session bill and the programs received no reduction. |

Status of priority state legislative issues from 2011 (7/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|--------------------------------------|---|-----------------------|--|---|
| City Livability | Opposed further state direction of City's governance on neighborhood programs | Priority - Opposition | Passed Committee, Successfully Opposed | Opposed legislation to extend the Neighborhood Revitalization Program as originally enacted. Bill passed committee but was not heard on the floor of either body |
| Environment | Stormwater and Wastewater Management | Support | Passed | Supported changes in Omnibus Legacy Funding Act removing the cap on infrastructure grants for stormwater. It now allows stormwater projects to be eligible for state wastewater grant funds. |
| | Stormwater and Wastewater Management: Railroads | Support | Successfully Opposed | City opposed exemption from stormwater utilities for railroad properties. City of Minneapolis led this effort, along with support from the League of Minnesota Cities and the City of St. Paul. |
| Jobs and Economic Development | Redevelopment Fund | Priority | Passed | Final Special Session Jobs and Economic Development bill appropriates \$2.0 million for the redevelopment fund. This was the level of the Governor's request. |
| | Workforce - Summer Youth Employment | Priority | Passed | Final Special Session Jobs and Economic Development bill funds the Minneapolis Summer Youth program for 2011 at the 2010 level. A competitive grant program will be available in 2012. |
| | This Old House | Support | Bill Introduced | The City worked with the Preservation Alliance and other partners to draft legislation, obtain authors, and educate legislators. More action will be attempted in 2012. |
| | Park Dedication Fee | Support | Passed Committee | Legislation made necessary technical changes to park dedication fee law. Done in partnership with Minneapolis Parks and Recreation Board. |
| | Eliminating Racial and Gender Disparities | Support | Passed Committee | Bipartisan effort to expand existing law restricting public employers accessing a job applicants criminal to after being selected for an interview to apply to private employers too. Bill would also prohibit access to credit history until after an applicant is selected for an interview |

Status of priority state legislative issues from 2011 (8/9)

| Legislative Agenda Area | Issue | Agenda Location | Action | Status |
|-------------------------|---|-------------------|-------------------------|--|
| Tornado Recovery | FEMA Match | Emergency Request | Passed | The final Special Session tax bill contained \$4.0 million for the required 25% local match for federal support from FEMA for damage to public infrastructure. |
| | Tax Policy - Property Tax Credit | Emergency Request | Passed | State paid abatement if a homestead in a disaster area sustains at least damage equal to at least 50% of the property's value. Credit be paid in October 2011. |
| | Tax Policy - TIF Pooling | Emergency Request | Passed | City proposed the TIF law be amended to permit the city to pool increments from any TIF district into the tornado impacted area for rebuilding and redevelopment efforts. |
| | Tax Policy - Housing Replacement District Expansion | Emergency Request | Passed | City proposed to increase the currently authorized 500 parcels to 700 parcels and limit the additional parcels to the tornado impacted area. |
| | Housing Recovery | Emergency Request | Granted by State Agency | MinnesotaHousing allowed the City to reprogram \$260,000 in Community Revitalization Fund awards to be used for rehabilitation support for damaged properties. MinnesotaHousing granted the City \$1.0 million for the Quick Start rehabilitation program which provides assistance as a last resort when private insurance and federal assistance are not adequate to return a damaged home to its pre-disaster condition. It is expected that 33-100 homes will be repaired with these funds. |
| | Housing Recovery | Emergency Request | Support Requested | The City requested \$6.0 million in housing recovery funds in the Special Session. None were awarded. Requests may continue in the 2012 session. |
| | Economic Development - Small Business Assistance | Emergency Request | Support Requested | The City requested \$1.2 million to provide administrative help for businesses to apply for disaster relief loans and other funds that may be available from nonprofit or federal resources, bridge funds for underinsured businesses, forgivable loans for businesses that remain in the community, mobilization resources such as equipment, bonding and insurance, and funding to support the creation of a business assistance center to support the area. None were awarded. Requests may continue in the 2012 session. |
| | Economic Development - Redevelopment | Emergency Request | Support Requested | The City requested \$2.3 million in assistance from the state to help facilitate the rehabilitation and redevelopment of impacted properties. None were awarded. Requests may continue in the 2012 session. |
| | Mental Health Care | Emergency Request | Granted by State Agency | The City of Minneapolis and Hennepin County secured \$200,000 from the state Department of Human Services for community-based mental health care programs and services for residents in the impacted area. Legislation requested an additional \$200,000 to continue this effort. None were awarded. Requests may continue in the 2012 session. |

Status of priority state legislative issues from 2011 (9/9)

| NO ACTION ITEMS | Agenda Item | Agenda Location | Action |
|---|---|-----------------|-----------|
| Local Gov't Finance | Convention Center Lodging Tax Cap; Move up deadline for LGA study group to December, 2011 | Priority | No Action |
| Public Safety | Allow enhancement for chronic indecent exposure offenses; Update carrying a pistol while under the influence statute; Funding for treatment and transitional housing for prostituted people; Amend definition of "family or household members" to include former relationships; Amend domestic abuse gross misdemeanor statute to remove requirement that the prior act be against a family or household member; Improve access to court records; Opposition items: Expansion of fireworks; Decriminalization of misdemeanor and livability offenses. | Priority | No Action |
| Transportation | Central Corridor LRT line fully funding, no action needed; Funding for Southwest Corridor and Bottineau Boulevard and Northern Lights Express; Funding for the state's portion of high speed rail funds for a Chicago to Twin Cities route; Funding for traffic mitigation efforts in and around the University of Minnesota made necessary because of the Washington Avenue alignment; street utility. | Priority | No Action |
| Affordable Housing and Homelessness Prevention | Improved notices of foreclosures to cities and renters; Modification of mortgage terms; Modifying the foreclosure process to provide additional time prior to the sale; Lender-owner mediation | Priority | No Action |
| Municipal Governance | Repeal of special laws regarding Minneapolis unclassified positions; Civilian Review Authority granted limited subpoena power; IRV-related legislation | Priority | No Action |
| City Livability | Aviation policy; Youth Violence Prevention; Lead Prevention; Opposition items: wine in grocery stores; Efforts to further restrict access to health care programs for undocumented persons. | Priority | No Action |
| Environment | Support Extender Producer Responsibility Framework; Support Pharmaceutical Extended Producer Responsibility approach. | Priority | No Action |
| Jobs and Economic Development | Brownfield Clean-Up | Priority | No Action |

[See table on following page]

Why is the measure important?

In preparation for the State's biennial capital investment budget, the City Council adopts a legislative program, including proposals for capital improvement programs to be funded by the State. The proposals are submitted to the Commissioner of Finance in June of the odd year for review and possible inclusion in the Governor's budget. During the remainder of the year the Commissioner and legislative committees conduct site tours to familiarize themselves with the projects.

State capital funding can provide at least 50% of the projects cost. The measure is important because we are requesting assistance for projects that have a regional or statewide impact and the State should participate in the funding.

What will it take to achieve the target?

IGR committee members, the Mayor's Office and IGR staff work with State staff and the legislature to advocate our projects. Bills are drafted, authors are briefed and presentations are made to committees and individual members to explain and gain support for the project. The City arranges tours and devotes a large portion of its lobbying resources to the capital investment bonding process.

Bonding Requests and Funding

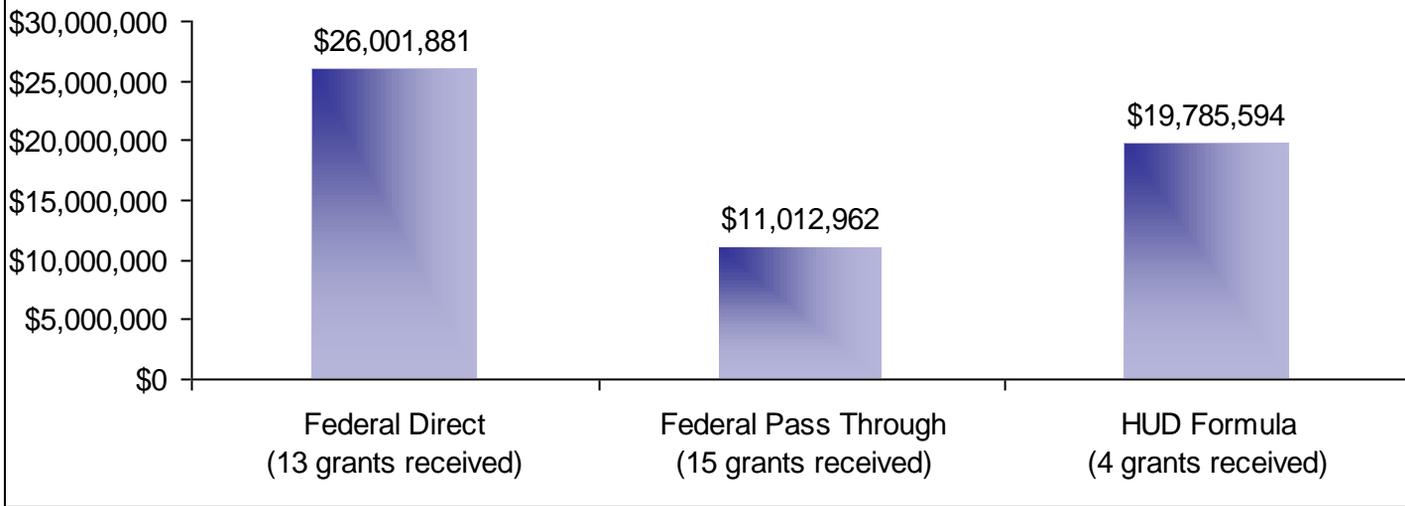
State of Minnesota Capital Bonding Requests and Funding Since 2005

| Project | Year Requested** | \$ Requested | Comments | Amount funded |
|--|------------------|--------------|---|-----------------|
| Target Center Debt Reduction | 2006 | \$62.0M | Bill originally introduced in 2006 and 2007. Bill heard but not recommended by House or Senate Committee. | 2006, \$0 |
| | 2008 | \$62.0M | | 2008, \$0 |
| Target Center Improvements | 2010 | \$6.5M | New project, introduction year | 2010, \$0 |
| Grand Rounds Scenic Byway Lighting | 2006 | \$2.0M | Bill included in Senate Bill, but not in House | 2006, \$0 |
| | 2008 | \$2.0M | Bill reintroduced and funded for \$1 million with some modification in 2008 | 2008, \$1.0M |
| | 2010 | \$2.0M | | 2010, \$0 |
| Northtown Rail Yards Bridge | 2008 | \$ 6.1M | \$600,000 appropriation vetoed in 2008 | 2008, \$0 |
| | 2010 | \$7.0M | | 2010, \$7.0M |
| SEMI – University Research Park (Granary Road) | 2008 | \$6.85M | Bill included in both House and Senate Bills as part of redevelopment grant program. | 2008, \$3.5M |
| | 2010 | \$5.3M | Received \$1M in 2006 from the Bio Science Infrastructure Fund. | 2010, \$0 |
| | | | \$3.5M appropriation in 2008 \$4.5M appropriation vetoed in 2010 | |
| Regional Fire Training and Emergency Operations Center | 2008 | \$8.0M | New project, introduction year | 2008, \$0 |
| | 2010 | \$750,000 | Funding for improvements awarded | 2010, \$750,000 |
| Minneapolis Police Department Forensic Laboratory | 2008 | \$2.7M | Legislative study on forensic services in future Bill reintroduced in 2008, but no funding was awarded | 2008, \$0 |
| Hiawatha LRT Corridor: Infrastructure for Transit Supportive Development | 2008 | \$6.5M | New project, introduction year | 2008, \$0 |
| | 2010 | \$6.5M | | 2010, \$0 |
| Orchestra Hall | 2008 | \$3.0M | New project. \$3.0M appropriation vetoed | 2008, \$0 |
| Orchestra Hall and Peavey Plaza Redevelopment | 2010 | \$22.0M | \$16M appropriated (\$2M specified for Peavey Plaza) | 2010, \$16.0M |
| I-35W 3rd and 4th Street Interchange | 2010 | \$2.5M | New project, introduction year | 2010 \$0 |

**Year requested refers to the initial year. Most projects are requested for several years



**Federal grant dollars received, by type
(\$56.8 million total)**



The City of Minneapolis annually adopts a federal agenda. The Federal Fiscal Year 2012 agenda includes sections related to appropriations and policy but does not include a listing of Congressional appropriation requests. The latter section was deleted from the agenda in response to Congress' suspension of such requests for FY 2012 and 2013. It is possible that the suspension could be indefinite.

In 2010, federal assistance approximates 18% of the annual city Special Revenue Fund budget. In Federal Fiscal Year 2012 and subsequent years, the amount of federal funds available to cities will be impacted by the deficit reduction plan currently being developed in Congress. The plan is due November 23, 2011. If the plan is not approved by Congress, automatic across the board reduction will be made.

The city receives federal grants as direct grants, or pass-through grants. Direct grants can be either formula or competitive grants. As a direct grant recipient the city is the contracting entity with the federal government and is responsible for grant administration. A State of Minnesota department or agency is usually the contracting agency with the federal government for pass through grants. A notable exception is the Department of Justice grants which are awarded to Hennepin County. The contracting agency can retain a portion of the grant for administration and programming and also can enter into contracts with sub-recipients to provide services. In 2010, the city was the recipient direct and pass-through federal grants. The table on the following page presents the federal grants by type, number received and dollar amount.

| Grants: US Dept of Housing and Urban Dev. | Type | \$ Amount |
|---|-----------------------------------|------------------|
| Community Development Block Grant (CDBG) | Direct - Formula | 14,439,575 |
| HOME | Direct - Formula | 3,780,884 |
| Housing Opportunities for Persons with Aids | Direct - Formula | 977,370 |
| Emergency Shelter Grant | Direct - Formula | 587,765 |
| Empowerment Zone Program | Direct | |
| Neighborhood Stabilization Program | Direct – Competitive | 19,455,156 |
| Lead Hazard Control | Pass through from Hennepin County | 500,000 |
| Grants: US Dept. of Justice | Type | \$ Amount |
| Edward Byrne Memorial Justice Assistance Grant | Pass through – Formula | 580,494 |
| Title II Juvenile Accountability Block Grant | Pass through –formula | 58,590 |
| COPS Technology | Direct-Competitive | 400,000 |
| Youth Gang Prevention and Intervention | Direct-Competitive | 325,000 |
| Coverdell Forensic Science | Direct-Competitive | 175,000 |
| Grants: US Dept of Labor | Type | \$ Amount |
| Work Force Investment Act (WIA) | Direct | 238,000 |
| Work Force Investment Act (WIA) | Pass through | 3,016,527 |
| Pathways Out of Poverty | Direct –Competitive | 4,000,000 |
| Grants: US Department of Transportation | Type | \$ Amount |
| SAFET-LIEU | Pass through | 2,228,535 |
| Alternative Analysis - FTA | Direct -Competitive | 900,000 |
| Grants: US Environmental Protection Agency | Type | \$ Amount |
| Assessment Grant Program | Direct-competitive | 400,000 |
| Grants: US Department of Energy | Type | \$ Amount |
| Revolving Loan Fund for MF Housing | Pass through-Formula | 300,000 |
| Energy Innovation Corridor Solar Installations | Pass through-Formula | 1,350,000 |
| Energy Conservation in City Facilities | Pass through-Formula | 137,807 |
| US Department of Health and Human Services | Type | \$ Amount |
| Communities Putting Prevention to Work | Pass Through –Competitive | 2,220,933 |
| Twin Cities Healthy Start | Direct-Competitive | 925,000 |
| US Department of Homeland Security | Type | \$ Amount |
| Assistance to Firefighters (AFG) | Direct-competitive | 31,047 |
| Assistance to Firefighters (AFG) | Pass Through | 96,288 |
| Urban Area Security Initiative | Pass through-formula | 2,465,130 |

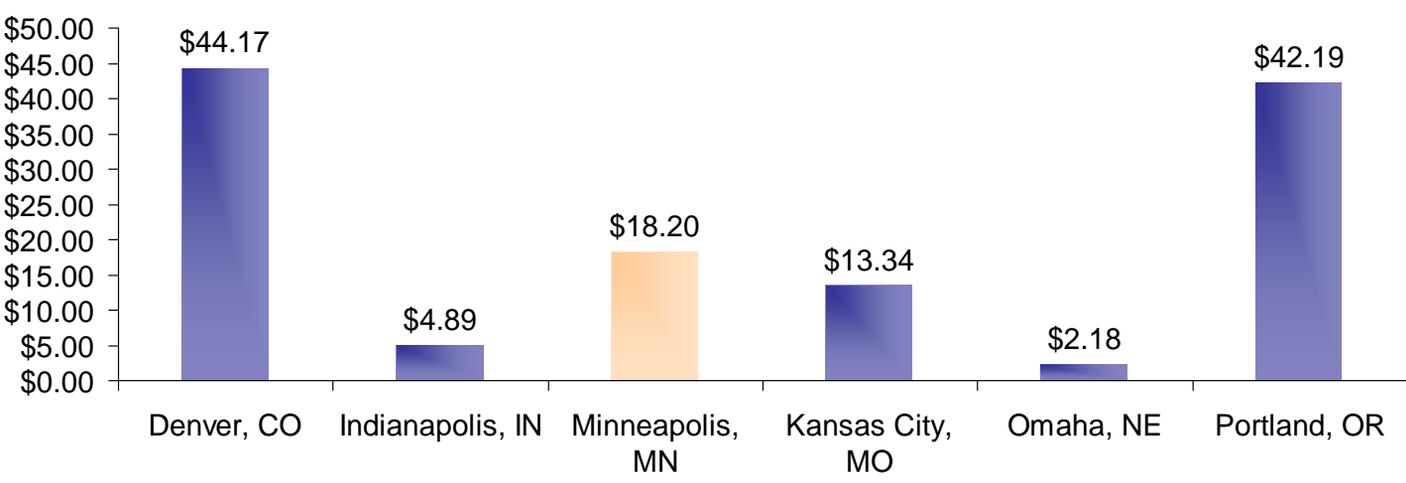


Comparative federal expenditures, by city

Why are these measures important?

The City of Minneapolis is often compared to other similar sized cities. In an effort to develop comparable data, staff identified several cities that are considered peers. The cities include Portland, Denver, Kansas City, Omaha, and Indianapolis.. The following tables present 2010 expenditure as reported in each city’s annual financial reports

**Department of Transportation federal expenditures by city
(in \$ millions)**

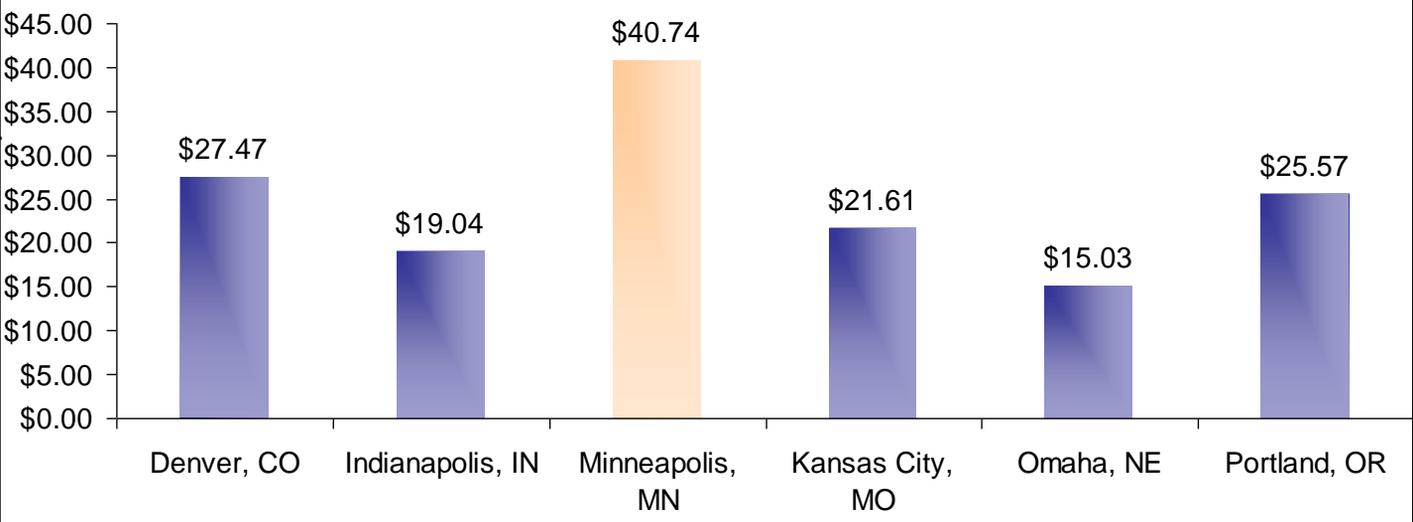


What can we learn from this comparison?

Denver’s amount reflects approximately \$35.6 million in grants for its airport while Portland’s amount includes \$ 26.7 million for transit capital projects. Both functions – airports and transit – are operated in the Twin Cities region by regional authorities (Metropolitan Airports Commission and the Metropolitan Council). In Denver the airport is managed by the city’s Department of Aviation and the transit function is operated by a regional transit district (RTD) The RTD is governed by a 15 person board elected by districts. In Portland, the Port of Portland operates the port and airports and is governed by a board of commissioners appointed by the Governor. Most of the transit operating function is governed by a commission (TriMet) also appointed by the Governor. However, the City of Portland in cooperation with a non-profit corporation is funding the city’s street car system. A portion of the street car system is funded with federal transit funds passed through Tri-Met. Excluding the airport and transit functions, Denver’s DOT amount would be \$ 8.5 million and Portland’s DOT expenditure would be \$15.6 million.

In 2010 Denver and Minneapolis received American Recovery and Reinvestment Act (ARRA) funds from the USDOT. Denver expended \$8.2 million of ARRA funds for airport improvements and \$8.1 million for a highway project. Minneapolis spent \$6.1 million for a bridge project that will be completed in 2011.

Housing and Urban Development federal expenditures by city
(in \$ millions)

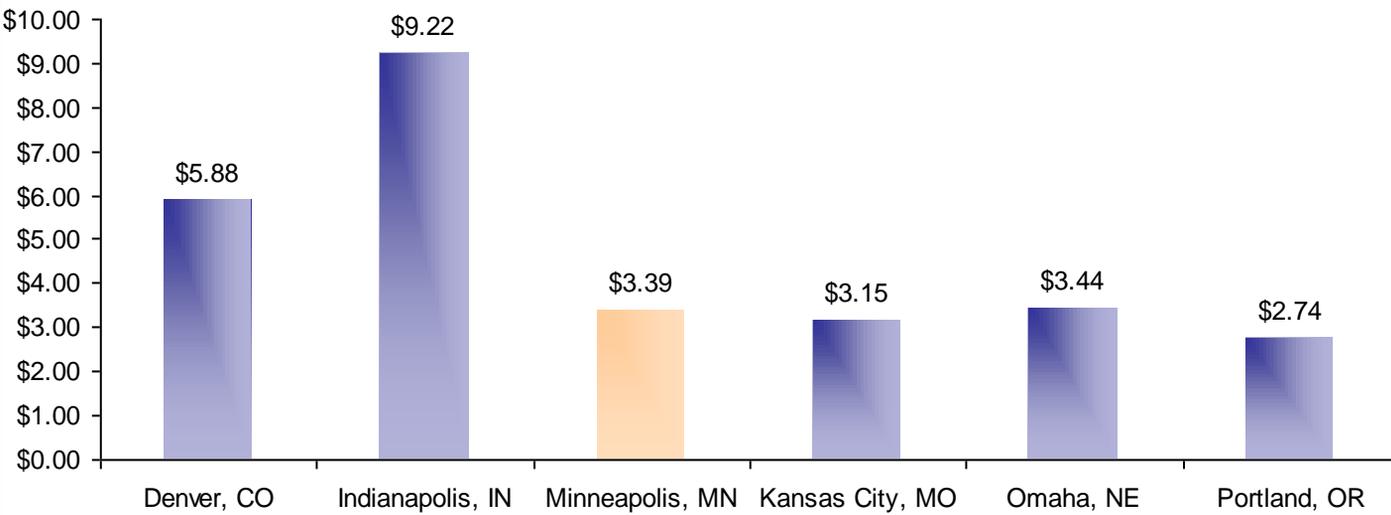


What can we learn from this comparison?

It must be noted that the chart reports expenditures which could include proceeds from more than one grant program year. For example, Minneapolis annually receives approximately \$13.0 million in Community Development Block Grant (CDBG) funds but expended \$27.0 million in CDBG funds in 2010. The HUD grants differ from the US DOT and many of the other grants in that the HUD grants are mostly formula determined, direct multi year grants rather than pass-through grants.

Comparative federal expenditures, by city

**Department of Justice federal expenditures by city
(in \$ millions)**

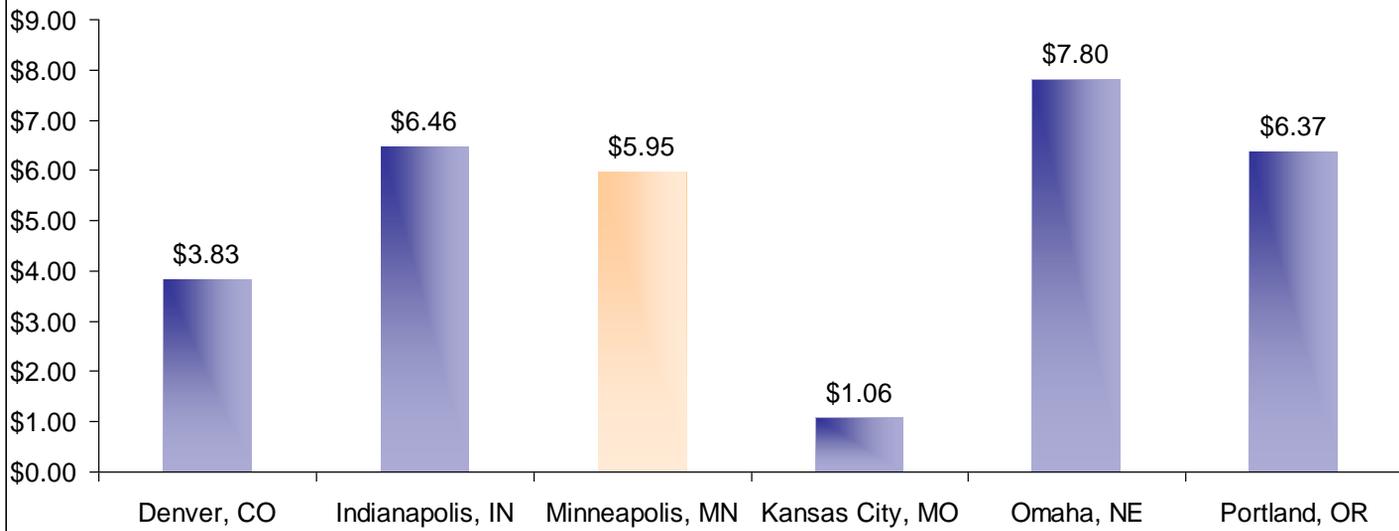


What can we learn from this comparison?

Of Indianapolis' \$9.2 million \$4.0 million was funding from the forfeiture sharing program. Indianapolis was the only city in the sample to receive funding from the program. Denver was the only city to receive funding for victim assistance (\$1.5 million) Most of the funding received by cities was Byrne or community policing grants. It should be noted that Denver and Indianapolis are also counties and therefore have a broader array of public safety functions than cities.

Comparative federal expenditures, by city

Department of Homeland Security expenditures by city
(in \$ millions)

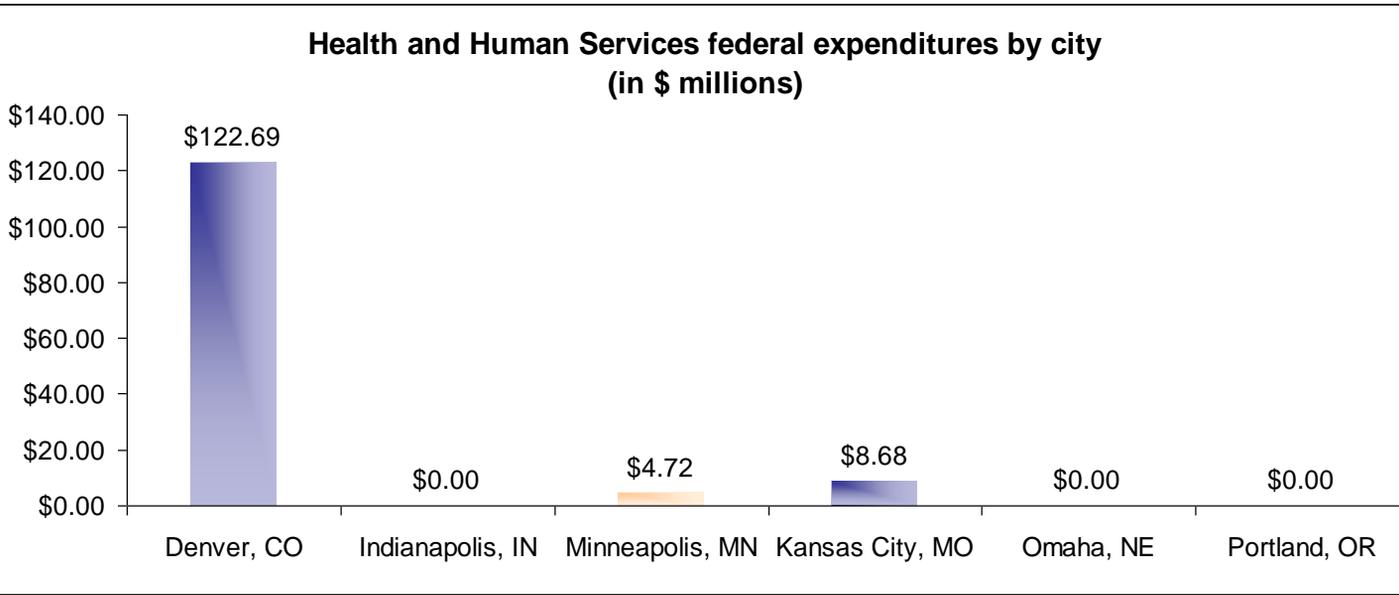


What can we learn from this comparison?

The Department of Homeland Security (DHS) includes several agencies and programs that are utilized by local governments and regions. Among DHS' grant programs are Assistance to Firefighter Grants (AFG), Staffing for Adequate Fire Safety Response (SAFER), the Urban Area Security Initiative (UASI) and the emergency disaster relief programs.

Minneapolis total includes funds for the construction of the Emergency Operations Center and UASI funds. The latter program grants funds through a formula that assesses security risk in determining funding. All cities except Kansas City received UASI funds.

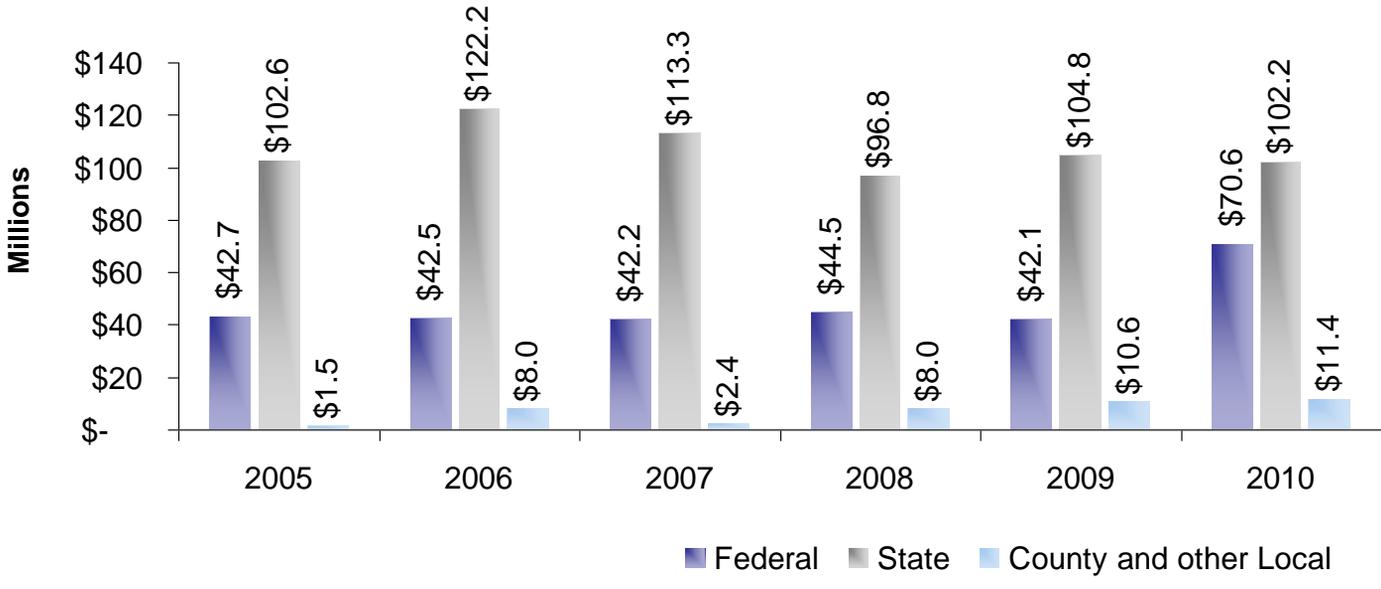
Comparative federal expenditures, by city



What can we learn from this comparison?

The Health and Human Services (HHS) table illustrates that in most states human service programs are administered by county government. Denver is a city and county and not only administers public health but also human service and economic assistance programs. In addition to the HHS programs Denver also administers the Supplemental Nutritional Assistance program which is the new name for Food Stamps.

**Aids and grants
Total federal, state, and local funds**



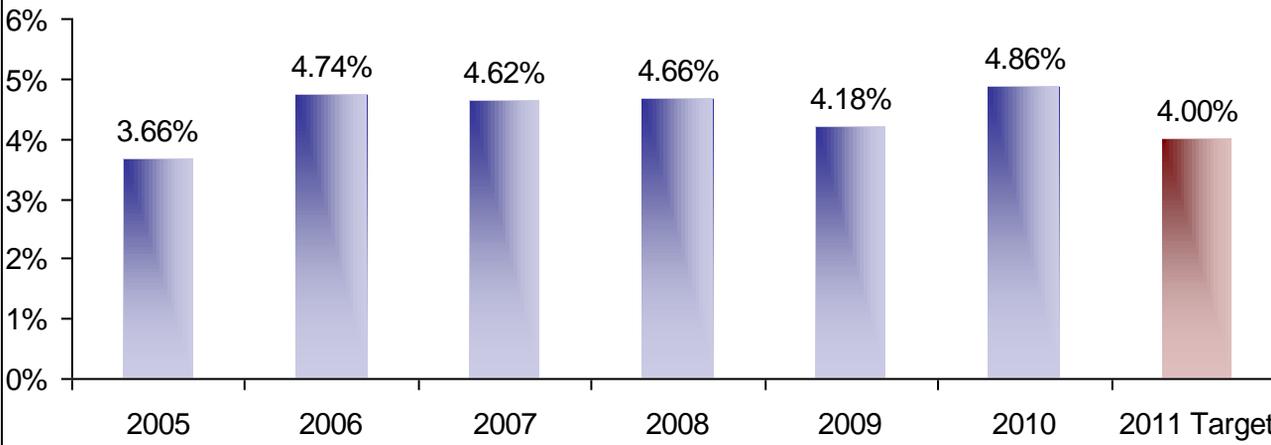
Why is the measure important?

This is a high level measure that captures the impact of external revenues on the City revenue base. These revenues can be restricted use or for general support aid. Revenues in this figure include federal and state grants-in-aid, local government aid, pension aids, roadway improvement aids, and private gifts. The department provides support for maximizing these revenues for City operations.

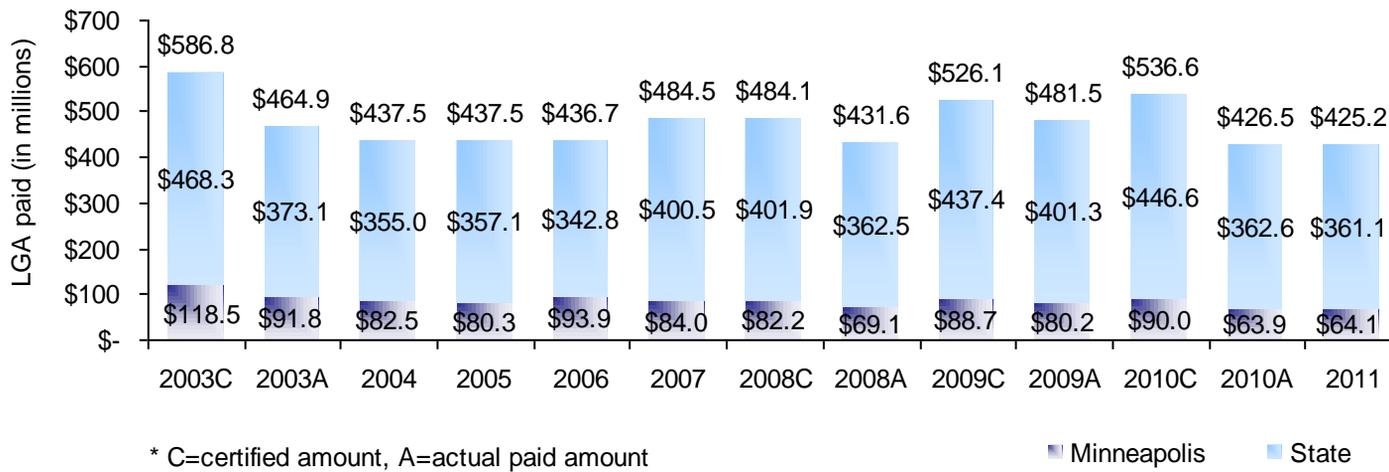
What will it take to achieve the target?

This is a snapshot measure that illustrates the fiscal impact of external aids upon the city budget and its effects on priority setting.

Total amount grant revenue received annually as a percent of city revenue



Amount of local government aid paid to Minnesota cities



Why is the measure important?

The aid is important because Minnesota cities are limited in their ability to raise revenue such as a local sales tax or special taxes (lodging, restaurant/beverage). Unlike other states that have authorized local revenue raisers Minnesota has provided aid to cities in lieu of local tax authority. As a result cities have become reliant on the state aid. In some cities state aid accounted for approximately 2/3 or more of general fund revenues. Minneapolis' state aid since 2003 has declined from approximately 40 % of the general fund to 16% in 2010.

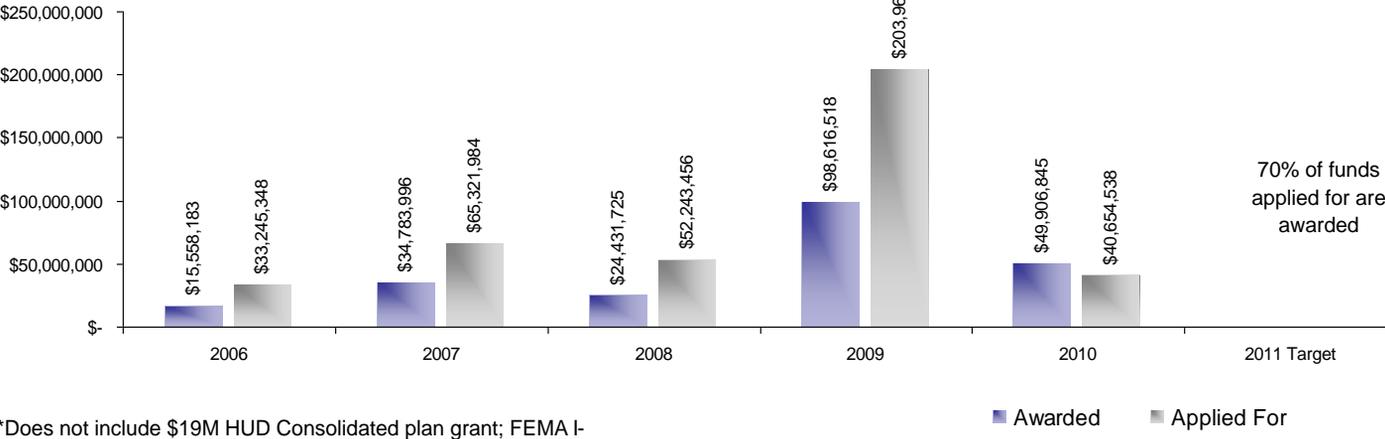
Since 2003 state aid to cities has decreased by approximately 27.0%. In 2003 cities were certified to receive \$586.0 million and approximately \$425.0 million in 2010. The 2010 supplemental budget reduction approved by the legislature reduced aids to cities by reducing market value homestead credit (MVHC) first then local government aid (LGA). The 2010 aid reduction was the first time the reductions were made initially to MVHC and then to LGA. Although the 2011 LGA portion of LGA is authorized to increase of \$100.0 million to \$527.0 million, the actual appropriation was \$425.0 million. The 2011 omnibus tax bill also replaced the market value homestead credit with a market value exclusion. The elimination of the market value credit reduced state expenditures for 2012 by \$260.0 million. The City of Minneapolis' share of the credit was \$6.6 million. State aid reductions have resulted in decreases in City services and personnel and increased reliance on the property tax.

What will it take to achieve the target?

During the 2011 interim and the next legislative session, the city along with the League of Minnesota Cities and Metro Cities and other groups must determine how best to fashion the state/local fiscal relationship, if any, for future years. The relationship could include authority to impose local taxes, assumption of local costs by the state, the elimination of state charges or taxes upon local government, the repeal of legislative mandates or the increase in state revenues. It is highly unlikely that revenues increases or state assumption of local expenditures will occur. It is possible that the state could face an additional budget deficit that could impact state aid to local governments.

Aids and grants

Value of grant funds awarded and applied for



Why is the measure important?

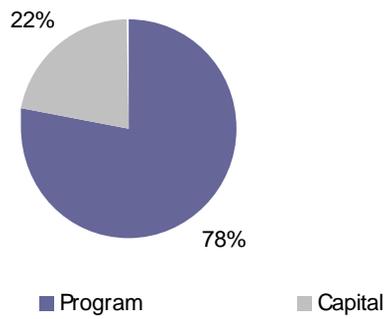
This can be a measure of operational efficiency in pursuing competitive grant opportunities. The City should apply for grants for which it is highly competitive while being able to demonstrate to funders that City program objectives address grantor priorities. This measure can also inform staff if grant budget requests are reasonable in a competitive funding environment.

What will it take to achieve the target?

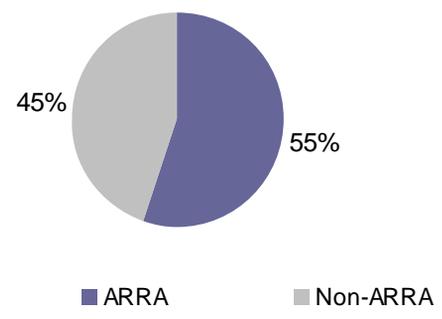
A review of this measure in recent years shows a percentage of success upwards to 50%. The current 2011 target is set to have 50% of applied funds awarded. This success ratio is achieved by strategically applying for funding opportunities that promise the best match for City program objectives. Based on historic numbers, the City could expect to receive \$35 million annually if this target is met.

The department meets with city operating departments to solicit information about funding needs and relating those needs to eligible competitive grant opportunities. Internal coordination within the department occurs to tie together grant funding ideas with other aid opportunities.

2010 Grant Awards by dollar amount



2010 grant award sources



Aids and grants

| 2010 Awards by Dept | Award Total | # of Awards | Program | # of Program Awards | Capital | # of Capital Awards |
|---------------------------|----------------------|-------------|----------------------|---------------------|---------------------|---------------------|
| City Attorney | \$ 85,000 | 1 | \$ 85,000 | 1 | \$0 | 0 |
| CPED | \$34,292,698 | 46 | \$ 27,637,873 | 12 | \$6,654,825 | 34 |
| City Clerk | \$18,000 | 1 | \$ - | 0 | \$18,000 | 1 |
| Fire | \$192,335 | 3 | \$ 192,335 | 3 | \$0 | 0 |
| Health and Family Support | \$4,426,191 | 12 | \$ 4,426,191 | 12 | \$0 | 0 |
| Police | \$2,302,879 | 17 | \$ 2,302,879 | 17 | \$0 | 0 |
| Public Works | \$6,242,642 | 14 | \$ 1,780,000 | 3 | \$4,462,642 | 11 |
| Regulatory Services | \$2,172,100 | 5 | \$ 2,172,100 | 5 | \$0 | 0 |
| Mayor | \$75,000 | 1 | \$ 75,000 | 1 | \$0 | 0 |
| NCR | \$100,000 | 1 | \$ 100,000 | 1 | \$0 | 0 |
| TOTAL | \$ 49,906,845 | 101 | \$ 38,771,378 | 55 | \$11,135,467 | \$ 46 |

Why is the measure important?

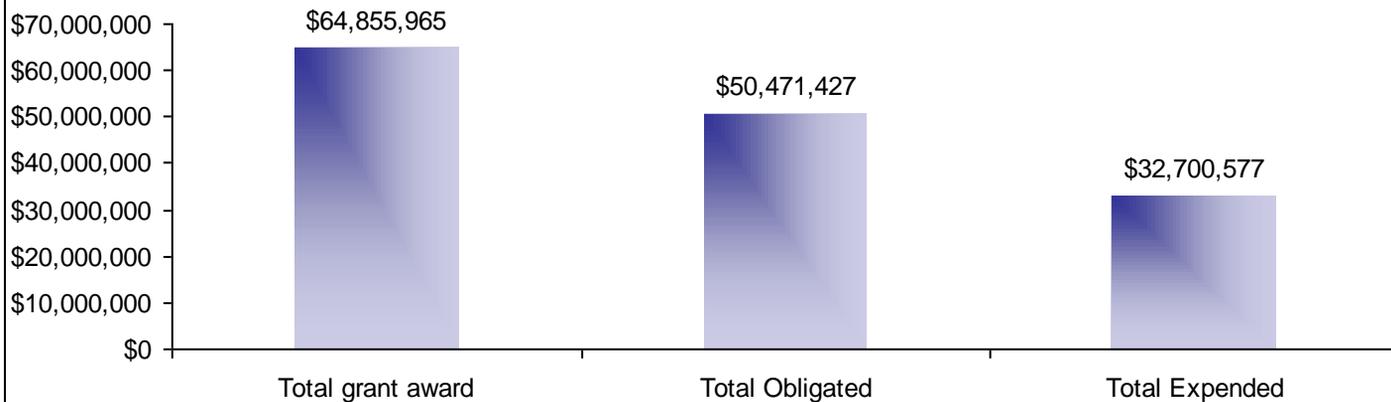
This measure is a snapshot of the number of awards by city department and the nature of award support for city programming or capital needs. The measure was first introduced last year. It illustrates departments that are relatively more active in grants and is not intended to be a measure of comparative success. Capital awards are for infrastructure development and preservation of housing, public facilities and community assets. They are usually one time awards for development costs, unless the City is the owner of the capital asset. In that case, policy consideration may need to include longer-term O&M budgeting. Many of the CPED capital awards are passed through to other agents (sub-recipients). Most awards often come with significant funder compliance requirements that may not directly relate to traditional quality assurance measures typically associated with procuring a good or service. An example would be hiring goals associated with labor services supplied to a capital project.

Program awards are either development of, or support of existing city-sponsored programming. They can include capital asset development in support of other city programming or service provision. For example, grants for homeland security infrastructure are classified as programmatic since the funds are used for equipment purchases supporting the City's ability to provide a service response. Policy considerations for program grants may include the long term staffing costs to the City if the program is to extend beyond the life of the particular grant that made the program possible. As with capital grants, there are likely associated compliance terms with the award that a department would need to incorporate into their business practices.

What will it take to achieve the target?

No target is set for either a department or grant type. In 2010, programmatic grants consisted of three quarters of grant awards by dollar volume, and in terms of discrete awards, there was a nearly equal split between capital and program awards. The measure is intended to be a snapshot view of grant award composition. The department works with city recipients on grant seeking, management and reporting concerns. Primary customers are CPED, Health and Family Support, Police and Regulatory Services

ARRA grants awarded, obligated and expended as of Q2 2011



Why are these measures important?

\$65 million of federal grant dollars have been granted to Minneapolis as a result of the American Recovery and Reinvestment Act of 2009 (ARRA). Those dollars were distributed through ongoing formula programs, as well as an influx of dollars through competitive grant programs.

The first three measures were first reported in last year's progress report. The first measure of ARRA performance gives a broad perspective on dollars applied for, received, and spent. This is useful as an internal tracking device as well as information for the public. The next graph includes the key measure of job creation data through second quarter 2011. The third measure, "project status" is a federal measure which gives an aggregated overview of the progress on spending of ARRA monies.

A new measure added this year is tracking of expenditures rates for selected programs against national expenditure rates. ARRA programs have calendar deadlines by which funds must be expended in order to assist with the federal government's interest in jumpstarting the economy. The results shown were easily obtained from respective federal agencies. Two of the programs are not ARRA legislated, but have been enacted since 2008 in order to stimulate a market response to the national housing market failure and have like ARRA, expenditure deadlines before the programs sunset. The Recovery Act itself, which sunsets in 2012, includes additional contributions to ongoing programs, so some projects may see expenditures into 2016. With these measures, an overall picture of the fiscal and employment impacts of ARRA funded programs and projects within the city of Minneapolis are made public.

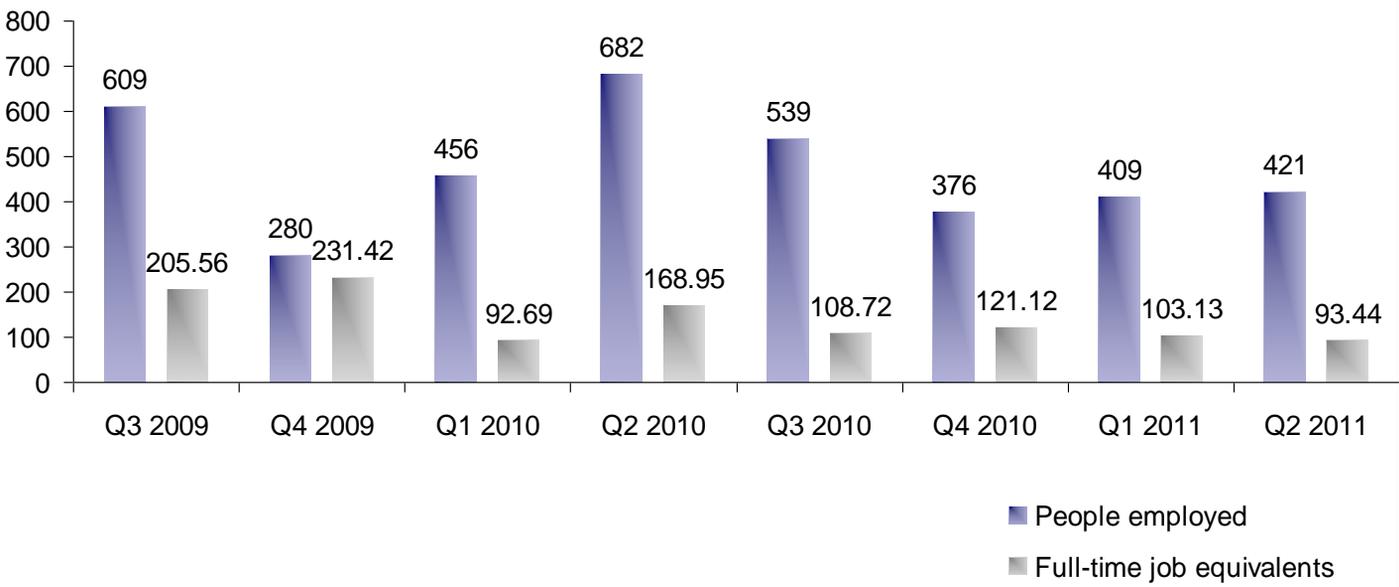
What will it take to achieve target?

An interdepartmental oversight committee has convened since announcement of the Recovery Act to provide coordination of Recovery Act grant seeking and implementation. One tool to assist in tracking progress is the data reporting systems developed by Business Information Services for centralized reporting transparency on Recovery Act programming under the direction of IGR/City Coordinator staff. There are also frequent, periodic communications with respective program managers regarding expenditure rates and the means needed to keep those rates on prescribed pace.

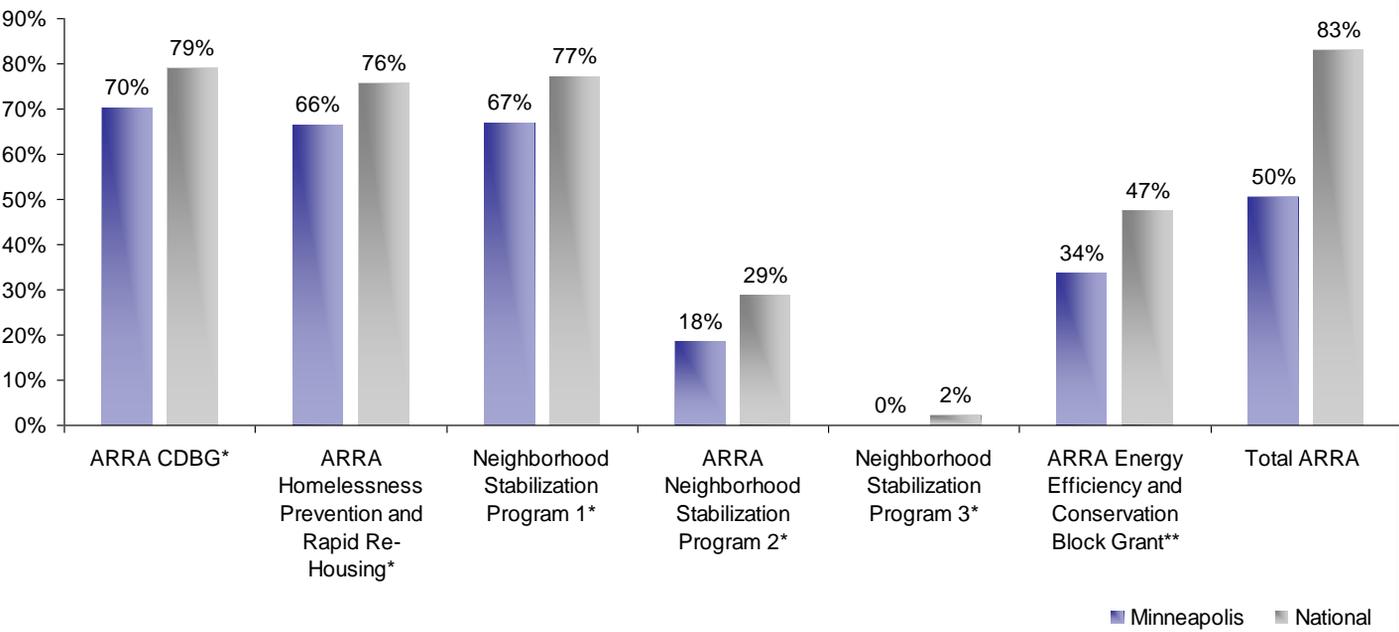
Measure Transparency (www.MinneapolisRecovery.us)

The primary outcome of the transparency measures yielded a semi-automated data gathering system that both compiles enterprise-wide data, and reports to both a federal reporting portal (FederalReporting.gov) for eventual display at Recovery.gov as well as for contextualized display at www.minneapolisrecovery.us, the city's home page for all ARRA related activities. The data herein is displayed, along with project narratives and project base metrics like dollars spent and project progress. A Google map application locates projects within the geography of Minneapolis where appropriate. Viewers may also see a list of the projects' vendors and sub-contractors receiving funds to address the highest level of transparency. Along with quantitative displays, the website includes more qualitative summaries of community partner activities, appropriate links, and updated quarterly links to council reports on ARRA funded projects.

Minneapolis Recovery Act jobs

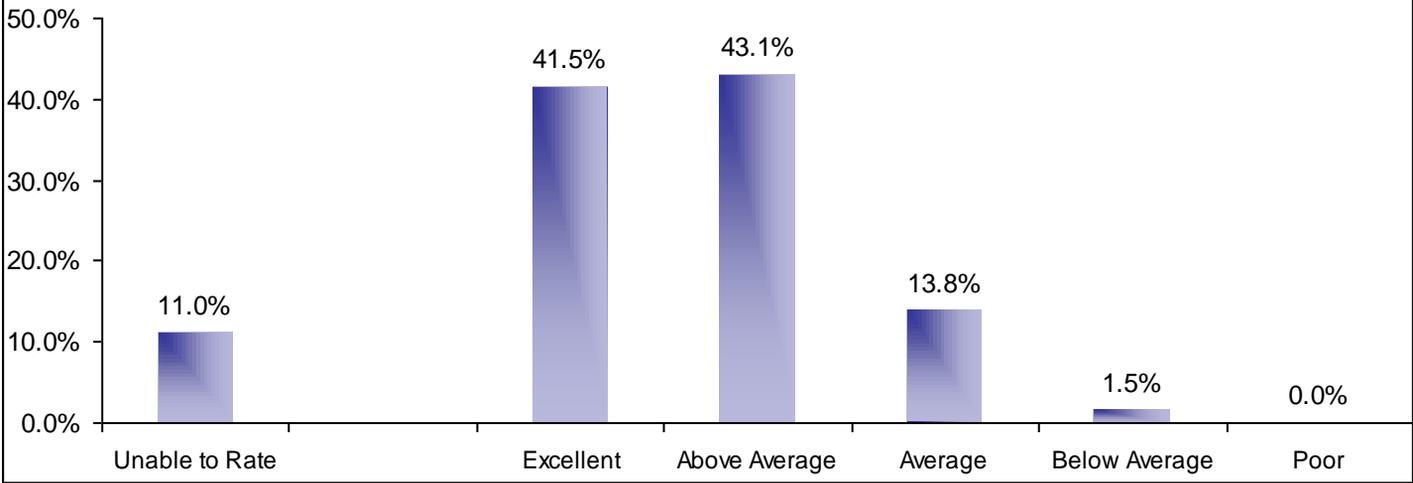


Expenditure Rates for Selected Major Federal Programs





Rating of IGR services: Representing the City's interests to lawmakers and policy-making organizations (2010)



Why are these measures important?

The survey results indicate a high degree of satisfaction with the department's legislative representation services. In the three questions relating to legislative representation, the percentage of respondents who assigned an above average to excellent rating ranged from 67.2% (Communicating legislative updates) to 84.6% (Representing the City's interests).

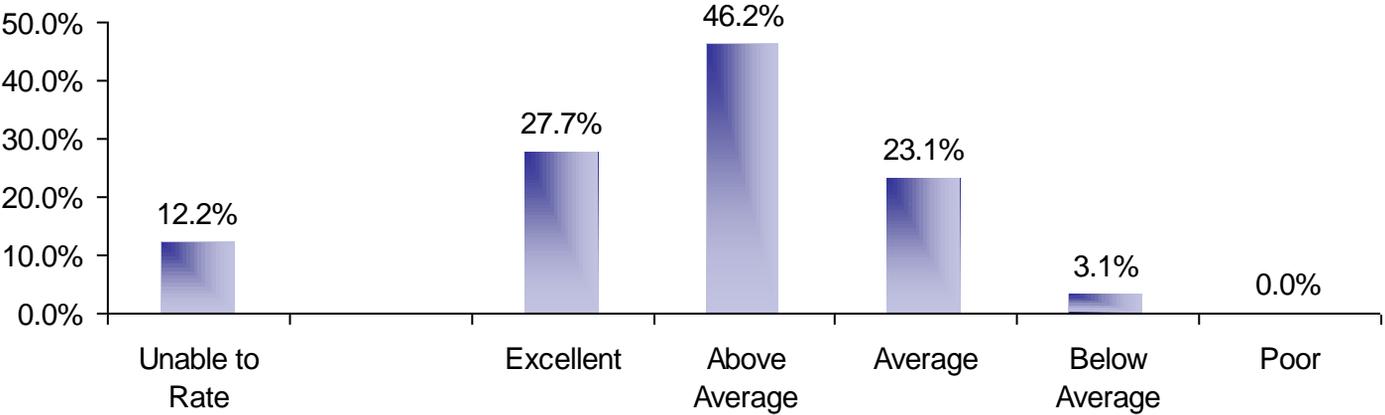
The grants question results indicate that a majority of respondents rated the service above average or excellent. A large number of respondents (30%) however, stated they were unable to comment. The response could be related to either the composition of the sample or the feeling that the service provide by the department is not well known.

What will it take to make progress

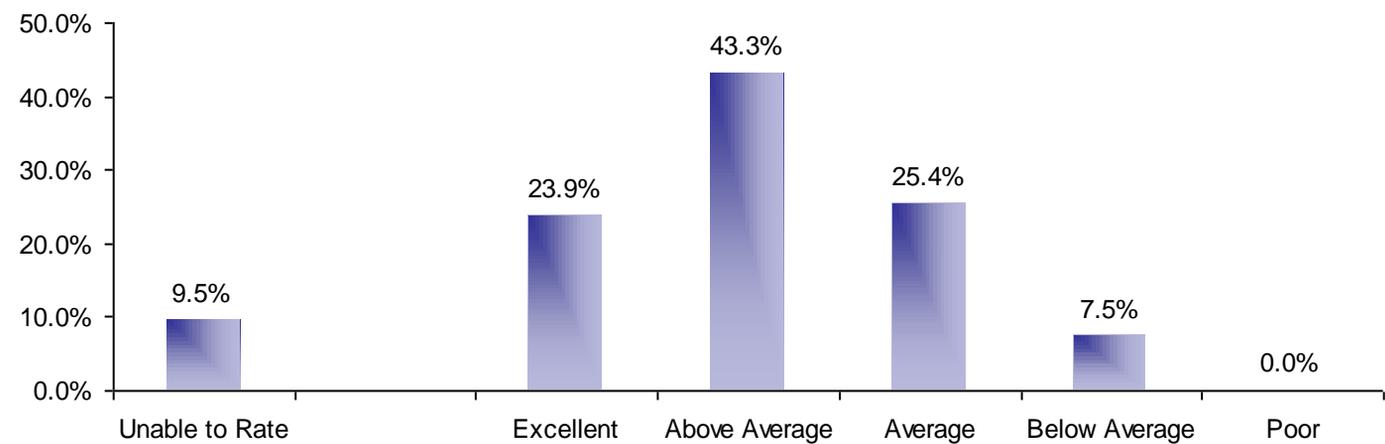
It is difficult to develop a strategy to increase awareness of grant opportunities when the future of federal and state grant programs is unclear. The lack of clarity is a result of the federal Budget Control Act and structural deficits at the state. Once the requirements of the Budget Control Act are known and the state revenue forecast is released in early December 2011, the department will be better able to develop a strategy.

Coordinator Management Services Survey

Rating of IGR services: Working with your department to develop the City's legislative agenda (2010)



Rating of IGR services: Communicating legislative updates (2010)



Rating of IGR services: Answering questions related to grants (2010)

