

Results

MINNEAPOLIS

IGR

July 31, 2012

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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.

The February 2011 forecast projected a \$5.0 billion budget gap for FY12-13. Legislation enacted in the 2011 special session resolved this deficit with a combination of cuts, shifts, and the new tool of securitizing state bonds. Two-thirds of the \$5.0 billion shortfall was resolved using one-time solutions:

• Net Spending Reductions	\$1.810 billion
• Continue Prior K12 Shift	\$1.485 billion (one-time solution)
• Expand K12 Shift	\$742 million (one-time solution)
• Securitize Tobacco Bonds	\$640 million (one-time solution)
• Use Budget Reserves	\$180 million (one-time solution)
• Net Reserve Increase	\$168 million
	\$5.025 billion

Due to the significant reliance of one-time solutions, the structural gap in the 2012-2013 enacted budget continues into the future, with the FY 2014-15 planning estimates having a \$1.9 billion shortfall. If a surplus should ever occur, current law directs specific allocation of these funds. By law, the entire forecast balance is allocated to prior commitments as follows:

- \$255 million To restore the cash flow account to a full \$350 million level;
- \$621 million To restore the Budget Reserve

After these statutory obligations are met the legislature is expected to begin to buy back the school shift, now totaling \$2.227 billion.

Going into the 2012 legislative session, the November 2011 forecast projected a \$876 million surplus for FY 2012-13. The surplus was the result of increased tax revenues for 2011, and 2011 and 2012-13 health and human service expenditures savings.

With the state budget experiencing a technical surplus, at least on paper, the legislature was granted a reprieve from focusing on the budget. Despite previous statements that the 2012 session would focus on jobs and economic growth, the surplus freed up the legislature to focus heavily on social issues and ballot initiatives. Over 40 constitutional amendments were offered in the 2011-2012 session, taking up considerable committee and floor debate time. In the biennium, three proposed amendments received the most time; a constitutional amendment limiting the right to marry; a constitutional amendment

requiring voter identification and making changes to in-person and absentee voting, voter registration and provisional ballots; and a constitutional amendment regarding the so-called “right to work,” which would make sweeping changes to union-management law that would essentially make it illegal to collect dues or fees from workers who choose not to be union members.

In the end, despite vetoes by Governor Dayton, the first two of these amendments made their way to the November 2012 ballot. The “right-to-work” amendment failed to gain enough support in the House and leadership did not bring it up for a floor vote.

2012 was a bonding year at the Minnesota Legislature. While none of the City of Minneapolis’ priority projects were directly funded, several projects within the City and projects important to the City did receive legislative support and funding:

- \$47.5 million for a grant program administered by DEED for business development through capital projects;
- \$30 million to local bridge replacement and rehabilitation;
- \$4.0 million to the Met Council for wastewater Inflow & Infiltration Abatement grants;
- \$3.0 million to DEED Redevelopment Account;
- \$5.5 million to Minnesota Housing for public housing rehabilitation;
- \$30 million in Housing Infrastructure bonds to Minnesota Housing for foreclosure remediation, supportive housing and preservation;
- \$4.0 million to the Met Council for wastewater Inflow & Infiltration abatement grants;
- \$1.75 million to the Phillips Community Center pool renovation, a Minneapolis Park Board project;
- \$13.389 million to Minneapolis Community and Technical College – Workforce Program Renovation;
- \$2.5 million to the Interchange LRT Station, a Hennepin County project; and
- \$5.0 million to the Washburn Center for Children, a Hennepin County project

The City of Minneapolis submitted an application to DEED through the \$47.5 million capital project program for Nicollet Mall, the City’s top bonding priority. The 10th Avenue Bridge is eligible for funding through the MnDoT local bridge replacement and rehabilitation program.

The final issue that dominated the 2012 session was the Vikings Stadium debate. The final bill divides construction costs at \$477 million from the Vikings, \$348 million from the state, and \$150 million from taxes collected in Minneapolis. The state’s portion is funded through revenues from modernizing gambling through electronic pulltabs, electronic linked bingo, and the introduction of sports-themed tipboards. The bill also includes two “blink on” resources in case revenues fall short of projections: a sports-themed lottery game and a 10 percent gross receipts tax on luxury suites at the new stadium.

[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 introductions, committee hearings, 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 it take to make progress?

During the 2012 session, 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. Much progress was also made through non-legislative channels, such as work with state agencies and other local units of government.

Ultimately, for significant policy to advance at the Capitol, the State will be forced to make difficult decisions and resolve the ongoing structural budget deficit. Until that time, we will be faced with year-after-year lurching from one one-time-solution to the next.

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Local Gov't Finance	LGA: fund at its promised amount of \$426.0 million	Priority	Freeze	The enacted Tax Bill freezes LGA at 2012 distribution levels for 2013 for cities over 5,000 in population.
	Extension of LGA study commission report	Priority	Reconstituted and Extended	Two groups are meeting to discuss local government aid and state local fiscal relationships. The LGA study commission and the Governor's sponsored Mayor's Tax Reform Advisory Group. The Commissions is meeting during the Summer of 2012. CP Johnson is a member. Report due during 2013 Session.
Capital Bonding	Nicollet Mall Rebuild	Priority	In Governor's Bonding Bill	No funding received. DEED appropriated \$47.5 million for business development through capital projects. The City of Minneapolis submitted an application to support funding for Nicollet Mall through this program. 90 communities have applied for a total ask of \$288 million.
	10th Avenue Bridge Arch rehabilitation	Priority		No direct funding received. \$30.0 million appropriated for local bridge replacement through MnDOT. 10th Avenue Bridge is eligible for funding.
	Target Center Improvements	Priority		No funding received through bonding bill but renovation authorization was made through the Vikings Stadium funding bill.
	Granary Road	Priority		No funding received.
	35W South and 35W North Storm Tunnel Preservation Projects	Priority		No funding received.
	Pioneers and Soldiers Cemetery Rehabilitation	Priority		No funding received.
	Inflow and Infiltration	Support	Funds Awarded	\$4.0 million to the Met Council for wastewater Inflow & Infiltration Abatement grants
	Southwest LRT Corridor	Support	In Governor's Bonding Bill	No funding received. However the Metropolitan Council has applied for the DEED funding for \$14.0 million.
Public Safety	Public Safety Funding	Priority	No Action	No change since 2011 budget.
	Sex Offenders	Priority	Department Action	The City worked with staff from the Minnesota Department of Corrections to address recent policy changes that have had a negative impact on the City and our ability to address sexual and violent offenders. Discussions continue into the interim.

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Public Safety	Prostitution Statutes	Priority	No Action	No change since 2011.
	Human Trafficking	Priority	No Action	No change since 2011
	Careless Driving Penalties Increased	Priority	Passed Committee	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. The bill was passed by the Senate, and sat on the floor of the House with no final vote taken.
	Protection of Vulnerable Adults	Support	Passed	The City supported legislation that creates the new crime of felony deprivation of a vulnerable adult. Felony deprivation occurs when a caregiver or operator intentionally neglects a vulnerable adult and is reasonably able to make the necessary provisions.
	Fire Safety Account	Support	Passed; New policy and funding	Legislation reinforcing the Fire Safety Account was needed due to repeated transfers from this dedicated fund to the general fund in previous years. The legislation appropriates \$4.5 million in FY2013 to the Commissioner of Public Safety for the fire safety account. Of this appropriation, \$500,000 is for equipment for regional and state teams. This is a onetime appropriation. The fire safety account is funded by a fire safety surcharge on homeowners insurance policies. The 2012 legislation reduces the surcharge on homeowners, commercial fire, and commercial nonliability insurance policies from 0.65 percent to 0.5 percent beginning July 1, 2013. The bill also eliminates the ongoing general fund transfer from fire safety account to the general fund after FY 2015. It provides that the base for the State Fire Marshal appropriation is \$4.487 million in FY 2014 and \$4.487 million in FY 2015. The base for the Firefighter Training and Education appropriation is \$2.7 million in FY 2014 and \$2.7 million in FY 2015.

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Public Safety Cont.				
	Community Policing and Immigrant Rights - Separation Ordinance	Support	Bill introduced; passed one chamber	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. The bill passed the House but did not receive a hearing in the Senate.
	Gun Control	Support	Passed both chambers; vetoed by Governor	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. The bill passed the House and the Senate but was vetoed by the Governor.
	Gun Control	Support	Passed, City amendments adopted	The City opposed legislation requiring that almost all cities in the metro area make publicly funded or operated shooting ranges available for youth firearms training 4 times a year. The cities of Minneapolis and Saint Paul are exempt from this requirement. Funding was made available that can be used for securing shooting range availability in the metropolitan area but the money is not required to be spent.
	Opposed Expansion of Fireworks	Priority - Opposition	Passed; Vetoed by Governor	The City strongly opposed legislation that would have authorized the sale and use of aerial and audible fireworks. It would also have prohibited local units of government from imposing any permit, license fee, or charge on the retail or wholesale selling of novelties or sparkling devices, or from enacting any ordinance, rule, or regulation prohibiting, limiting, or restricting the wholesale or retail selling of these items. The City partnered with other organizations such as the League of Minnesota Cities and the Minnesota Fire Chiefs Association to oppose this bill.

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Public Safety	Opposed Pawn Shop Changes	Priority - Opposition	Passed, City amendments adopted	City opposed language in a bill that would have allowed pawn shops to make loans to individuals. Other nominal technical changes to laws regulating pawn shops that the City did not oppose. City worked on a related issue regarding the recycling of scrapped vehicles. City supported the requirement that auto recyclers report vehicles to APS system to improve the ability to identify car thieves.
Pension Sustainability	Pension Sustainability	Support	Passed	Supported legislation by the State funds to reduce the anticipated investment rate of return for five years.
Transportation	Corridors	Priority	No progress this session	See bonding bill summary
	Transit	Support	Bills introduced	Together with partners, the City helped to keep a House proposal from advancing that would have drastically cut general fund appropriations to Met Council transit operations.
	General Transportation	Oppose, support, monitor	Passed Technical Transportation Bill	The City supported and monitored the Omnibus Transportation Bill which included a number of provisions that affect the City including statutory changes to MSA, Bridge inspections Electric Assisted Bicycles and bicycle equipment provisions, motor cycle road guards establishment, safe routes to school, water related permit applications for transportation projects, vehicle weight rules, impound lot clarification, and bus operations on shoulders and others.
	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	Bills introduced	No change since 2011
	Foreclosure: Notification	Priority	Bills introduced	No change since 2011

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Affordable Housing and Homelessness Prevention				
	Foreclosure: Reoccupation	Priority	Bills introduced; Language and funding included in Bonding Bill	In addition to preservation, the MinnesotaHousing is authorized to use the \$30.0 million in appropriation bonds for supportive housing and foreclosure recovery activities. Some of the funding will be used to acquire and rehabilitate foreclosed and vacant rental properties. The bonds may also be used for placing the land under foreclosed and vacant homes into community land trusts.
	Housing Funding	Priority	Historically high bonding allocation; increase flexibility in bond usage	\$37.5 million in bonding to be used for housing and homeless programs through MinnesotaHousing. The legislation contains \$30 million in housing infrastructure bonds, \$5.5 million in general obligation bonds for public housing rehab, and \$2.0 million for the Harriet Tubman Women’s Shelter. This is the first year MinnesotaHousing has been awarded more than \$30.0 million in bond proceeds by the state.
	Homelessness Prevention	Support	Bonding allocation; no policy changes	\$2.0 million for the Harriet Tubman Women’s Shelter. Long-term Homeless Services received a one-time appropriation of \$700,000 in the Health and Human Services Finance Omnibus bill. The HHS bill also established the Minnesota Visible Child Work Group to identify and recommend issues that should be addressed in a statewide, comprehensive plan to improve the well-being of children who are homeless or have experienced homelessness.
Municipal Governance	Liquor at TCF Stadium for Gophers and Vikings games	Watch Item	Passed	Legislation allows alcohol to be sold at TCF Stadium but keeps some local control on its issuance.
	Liquor License: Special Law	Priority	Passed	Omnibus liquor bill included a provision supported by the City that would override the City's Charter to allow the Broadway Liquor Outlet to have a temporary location on their current non-conforming site and then relocated across the street to a property that is not zoned correctly for this type of use.
	Liquor Law: Reasonable Conditions	Priority	Bill introduced, no committee hearing	Amends 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.

Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
Municipal Governance	Inverse Condemnation	Priority - Opposition	Bill heard, successfully opposed	Minneapolis worked with a large coalition of stakeholders to block legislation that would allow private business with local government solid waste contracts to bring condemnation actions against a city if there was a decision to change or eliminate a local contract.
	Interim Use Moratorium Ban	Priority - Opposition	Bill heard; did not pass	Minneapolis worked with a large coalition of stakeholders to block legislation the would have set time limits on when cities can impose an interim use moratorium.
	Vacation Home Rentals	Support - Opposition	Bill heard; did not pass	Helped oppose bill that would have removed local authority to regulate and restrict residential property from being rented out as vacation property.
	Free Parking for Veterans	Support - Opposition	Bill heard; did not pass	This legislation would have provided free parking in any publically owned parking lot or ramp for anyone with a vehicle with military service license plates.
	Opposed restrictions to city licensing authority - Pawn Shops	Priority - Opposition	Bill heard; did not pass	See Pawn Shop legislation in Public Safety section.
	Opposed restrictions to city licensing authority - Food Inspections	Priority - Opposition	Bill heard; did not pass	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 - Hydroelectric	Priority - Opposition	Bill heard; did not pass	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 heard; did not pass	City supported opposition to legislation that would have taken away cities' authority to regulate well drilling.
	Civilian Review Authority - Authority Limitation	Priority - Opposition	Passed	The City strongly opposed legislation limiting the functions, powers or authority of municipal civilian review authorities. The legislation passed both bodies and was signed by the Governor.
City Livability	Public Health: State Health Improvement Program (SHIP)	Priority	No Action	No change from 2011

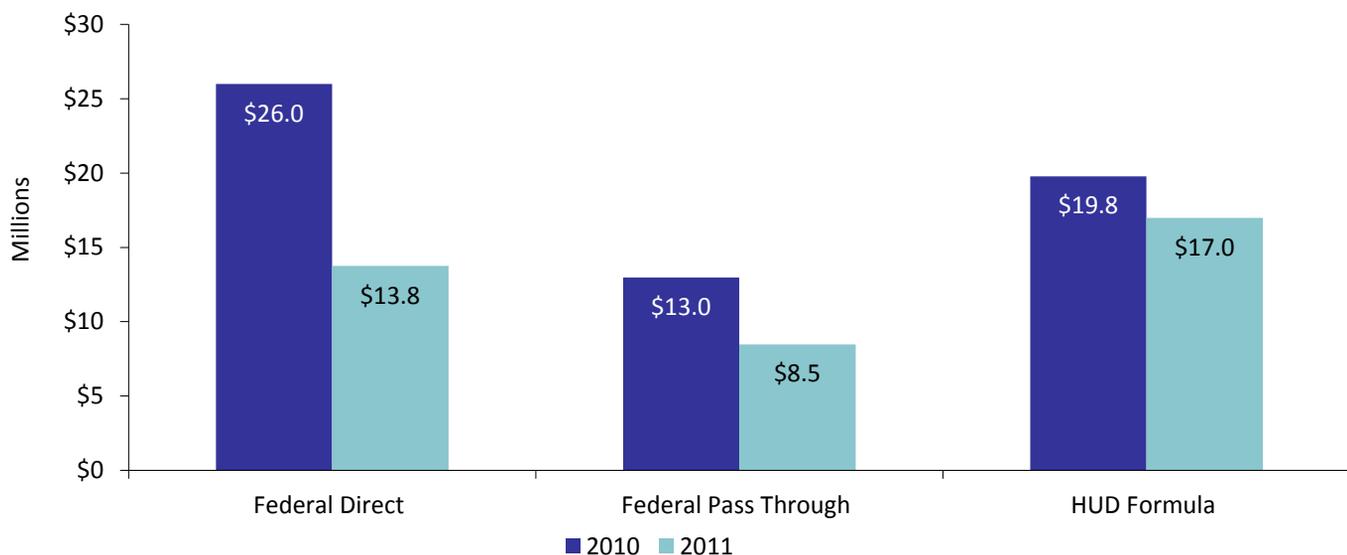
Status of Priority State Legislative Issues From 2012

Legislative Agenda Area	Issue	Agenda Location	Action	Status
City Livability	Health Care access for all, eliminating health disparities	Priority	No major change since 2011	The 2012 legislature restored the Emergency Medical Assistance Coverage program that was eliminated in the 2011 Special Session (\$4.696 million). The Healthy Communities Initiative was funded at \$300,000 in the House, but was not funded in the final bill. The Minnesota Food Assistance Program received \$741,000 for the biennium.
	Funding for and access to General Assistance Medical Care, MinnesotaCare, Medical Assistance, and urban family planning programs.	Priority - Opposition	No major change since 2011	The 2012 legislature restored the Emergency Medical Assistance Coverage program that was eliminated in the 2011 Special Session (\$4.696 million).
	Opposed further state direction of City's governance on neighborhood programs	Priority - Opposition	No Action	No change from 2011
	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.
Environment	Supported Parts of the Omnibus Legacy Bill as it relates to Asian Carp.	Support	Passed	The bill included \$7.5 Million for design and implementation of fish barriers on the Mississippi and \$4.4 Million for invasive species research at the U of M.
	Environmental Permitting and water conservation rates.	Monitor	Passed	Changes a number of environmental permitting matters with it's major purpose to require DNR and MPCA environmental review to be shortened to 150 days. The law elevates the role of private parties in the permit application process. The same legislation reformed the water conservation rate requirements for Cities, removing mandates and adding demand reduction rate methods.
Jobs and Economic Development	This Old House	Support	No Action	No change from 2011
	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 restrig 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 2012

NO ACTION ITEMS	Agenda Item	Agenda Location	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 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
	Funding for sustainable industry; special TIF	Priority	No Action
	Workforce - Summer Youth Employment	Priority	No Action
	This Old House	Support	No Action

Federal Grant Dollars Received by Type 2010 and 2011



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.

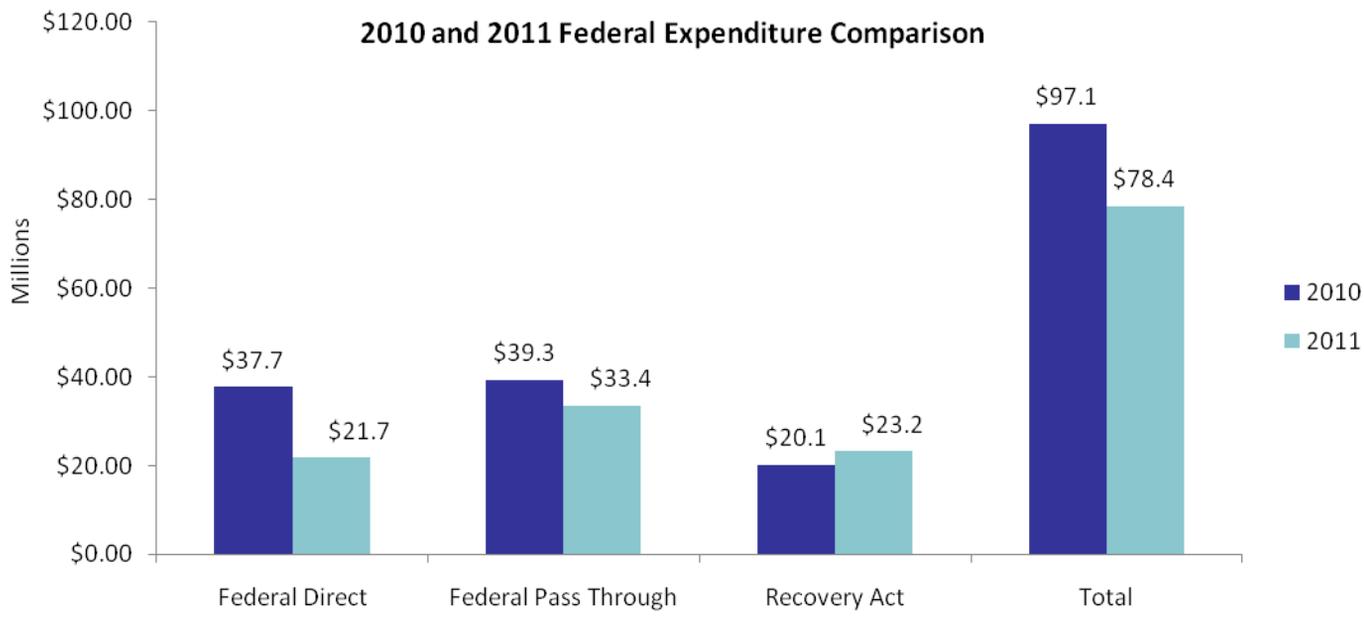
In Federal Fiscal Year 2012 and subsequent years, the amount of federal funds available to cities will be impacted by the deficit reduction measures currently being debated in Congress. These measures include automatic across the board recessions to be made in January 2013.

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. Contracting agencies can retain a portion of the grant for administration and programming and also can enter into contracts with sub-recipients to provide services.

The City is a recipient of both direct and pass-through federal grants. The table on the following page presents the federal grants by type and dollar amount.

2011 Source of Federal Funds

Grants: US Dept. of Housing and Urban Dev.	Type	\$ Amount
Community Development Block Grant (CDBG)	Direct - Formula	12,042,747
HOME	Direct - Formula	3,342,826
Housing Opportunities for Persons with Aids	Direct - Formula	1,006,587
Emergency Shelter Grant	Direct - Formula	585,009
Neighborhood Stabilization Program 3	Direct – Formula	2,671,275
Neighborhood Stabilization Program 3	Pass through-Competitive	765,804
Healthy Homes Grant	Direct – Competitive	1,860,000
HUD Lead	Pass through	65,000
Grants: US Dept. of Justice		
Edward Byrne Memorial Justice Assistance Grant	Pass through – Formula	420,350
Paul Coverdell Forensic	Pass through - Competitive	72,585
VAWA Stop Grant	Pass through - Competitive	87,194
Grants: US Department of Transportation		
SAFET-LIEU – Metropolitan Council, MNDOT, Transit for Livable Communities	Pass through	3,357,308
Alternative Analysis - FTA	Direct -Competitive	900,000
CMAQ	Pass through	264,148
FHWA- 35W Bridge Detour Routes Resurfacing	Direct-Formula	2,601,000
US Department of Health and Human Services		
Teen Pregnancy Prevention	Pass through	871,686
Federal Pandemic Flu Prep	Pass through	189,389
Nurse Family Partnership	Pass through	45,819
School based Clinics Capital Improvement	Direct-competitive	135,680
Healthy Homes and Lead Poisoning Prevention	Pass through	75,000
Communities Putting Prevention to Work	Pass through	400,000
US Department of Homeland Security		
Assistance to Firefighters (AFG)	Direct-competitive	100,000
Urban Area Security Initiative	Direct-formula	2,595,303
State Homeland Security	Pass through-formula	226,427
MMRS	Direct-formula	382,621
Joint Analysis Center	Pass through-formula	75,000
Port Security	Direct –formula	2,433,194
US Environmental Protection Agency		
Clean Water Revolving Loan Fund	Pass through competitive	1,565,751
US Fish and Wildlife Service		
Urban Bird Treaty	Direct-competitive	75,000

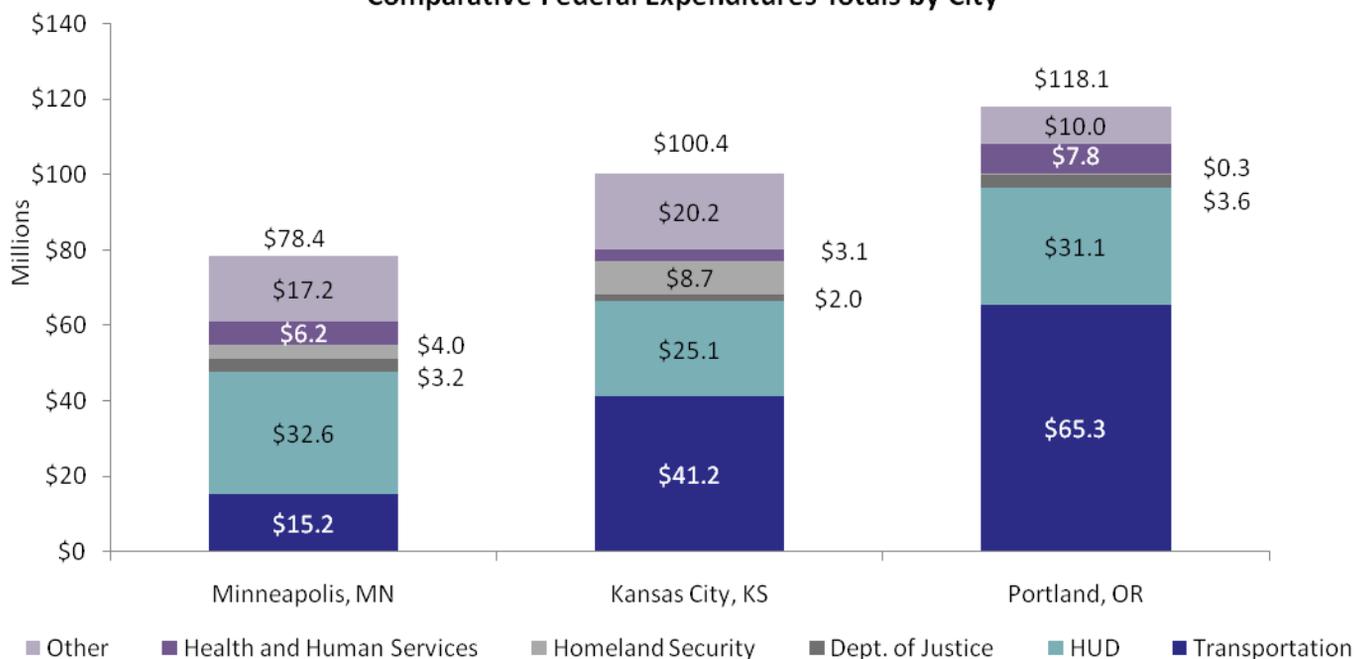


Why is this measure important?

From 2010 to 2011 the City’s federal expenditure decreased by approximately due to several factors including the expenditure of prior year awards in 2011, non-recurring Recovery Act programs and changes in pass through programs. In 2010 the City’s HUD expenditures included approximately \$24.0 million in CDBG funds of which approximately \$12.0 million were from prior years. Multiple year expenditures were reported in the Homeland Security grants. In addition the city expended \$4.9 million in Recovery Act authorized tax credit programs. The tax credit program expired in 2011.

The City also expended Recovery Act expenditures for projects over a multi-year period. In 2010, the City expended approximately \$6.1million for the rehabilitation of the Camden Bridge and \$3.3 million in 2011 to complete the project.

Comparative Federal Expenditures Totals by City



Why are these measures important?

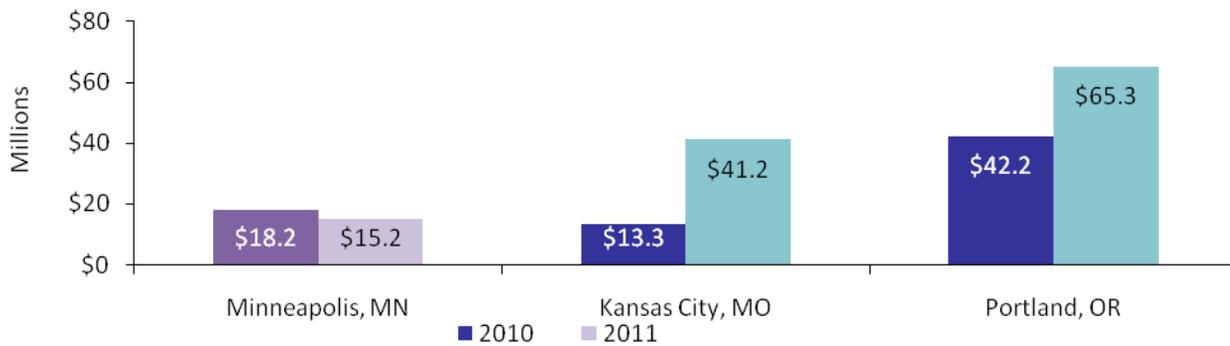
The City of Minneapolis is often compared to other similar-sized cities. In an effort to develop comparable data, staff identified several cities that are considered peers. The cities include Portland, Denver, Kansas City, Omaha, and Indianapolis. The 2011 IGR *Results* Report included expenditure data from the five cities. The information in the following graphs is **expenditure data by grant and not grant award data as reported in the “Federal Grant Dollars Received.”** The 2011 expenditure reports for Denver, Omaha and Indianapolis have not been published so the following tables present data for Minneapolis, Kansas City and Portland. This report also includes the previous year’s data for the three cities as a means of comparison.

The table does not allow for a comparison without additional information. For example Portland expended approximately \$36.0 million in transportation funds for its street car. The funds were passed through its regional transit agency. In Kansas City the airport is owned and operated by the city. In 2011 the city expended approximately \$16.0 million in Federal Aviation Administration funds for airport improvements and an additional \$1.3 from the Transportation Security Agency million on airport security. The city of Minneapolis does not own or operate an airport or operate a transit system.

The following data on federal transportation (pp.17), HUD (pp.18), Department of Justice (pp.19), Homeland Security (pp. 20) and Health and Human Services (pp22.) and subsequent discussion will identify the major differences among the cities.

City	Direct Award	Pass Through	Recovery Act
Portland	\$29,035,269	\$58,052,955	\$30,995,368
Kansas City	\$37,539,550	\$28,825,668	\$34,014,093
Minneapolis	\$21,747,000	\$33,444,000	\$23,173,000

Department of Transportation Federal Expenditures by City



What can be learned from this comparison?

In Kansas City the airport is operated by the city. In 2011 Federal Aviation Administration (FAA) were expended for airport improvements including safety and security. The City of Portland expended federal funds for public transit. The transit funds were “passed through” TriMet, the region’s transit agency. Table II identifies the transportation funds of each city by “program cluster” and type of grant.

From the presented data, the following observations can be offered:

- Federal highway and transit funding is allocated to federal and state agencies such as state departments of transportation and regional organizations (Metropolitan Planning Organizations-MPOs). In the Twin Cities the Metropolitan Council is the MPO.
- Transit funding passes through designated transit organizations. In the Twin Cities transit is a regional function and is operated primarily by the Metropolitan Council. FTA funds would be reported in the Council’s annual reports.
- The Metropolitan Airports Commission (MAC), a regional agency operates airports in the seven county region. The MAC is responsible for the region’s airports.
- Portland’s transit capital grant is for its street car project. The TIGER grant which is a street realignment project is also street car related.

Comparative Federal Expenditures by City: Transportation Breakdown

City/Program	Direct Award	Pass Through Award	Recovery Act
Portland:			
Highway Construction	0	\$ 7,973,094	\$ 6,102,751
Transit capital	0	36,221,682	0
Transit Formula	0	1,224,045	0
Transit research	0	992,739	0
TIGER	0	0	10,457,359
Other:	0	315,505	2,003,532
Kansas City:			
Highway construction	0	\$ 15,907,503	\$ 8,577,832
Aviation (FAA and TSA)	\$11,324,367	0	5,056,420
Other:			
trails	0	\$246,161	0
Minneapolis:			
Highway Construction	0	\$11,463,000	\$3,313,000
Transit Capital	0	16,000	0
Transit Formula	0	334,000	0
Other			
Highway Safety	0	86,000	0

Housing and Urban Development Federal Expenditures by City



What can we learn from this comparison?

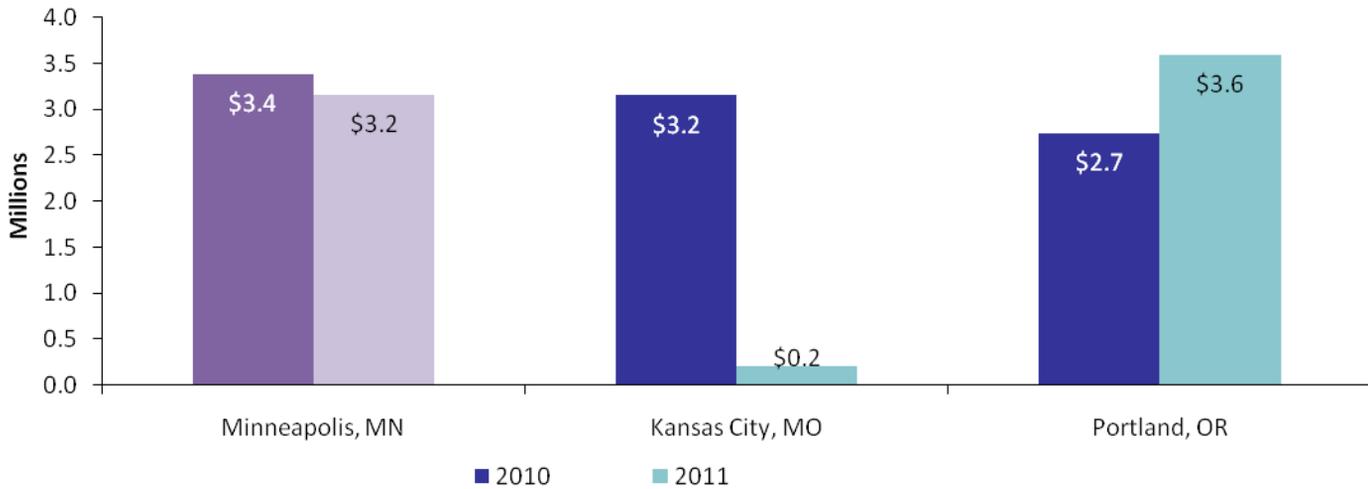
It must be noted that the chart reports expenditures which could include proceeds from more than one grant program year. For example, Minneapolis annually receives approximately \$11.0 million in Community Development Block Grant (CDBG) funds but expended \$27.0 million in CDBG funds in 2010. The HUD 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. The direct formula grants used by cities are the community development (CD) program. The CD Program includes not only the community development block grant (CDBG) but also Housing Opportunities for Persons With Aids (HOPWA), HOME and the Emergency Solutions Grant. The following table presents the 2011 expenditures by type of grant for each city.

2011 HUD Expenditures by Grant Type and City

City	Direct Award	Pass Through Award	Recovery Act
Portland	\$ 24,924,662	\$ 2,525,976	\$ 3,672,622
Kansas City	\$ 17,886,846	\$ 1,436,317	\$ 5,835,113
Minneapolis	\$ 18,976,000	\$ 2,844,000	\$ 10,804,000

The three cities as part of the Recovery Act received a supplemental CDBG grant, participated in the Recovery Act’s Neighborhood Stabilization Program (NSP) and the Homelessness Prevention and Rapid Rehousing program. The Recovery Act programs have not been renewed nor have the comparable HUD programs received funding to off-set the sunset of the Recovery Act. In Minneapolis approximately 33 percent of all HUD expended funds were Recovery Act funds. In Portland and Kansas City the percentages were 11 percent and 23 percent respectively.

Department of Justice Federal Expenditures By City



What can we learn from this comparison?

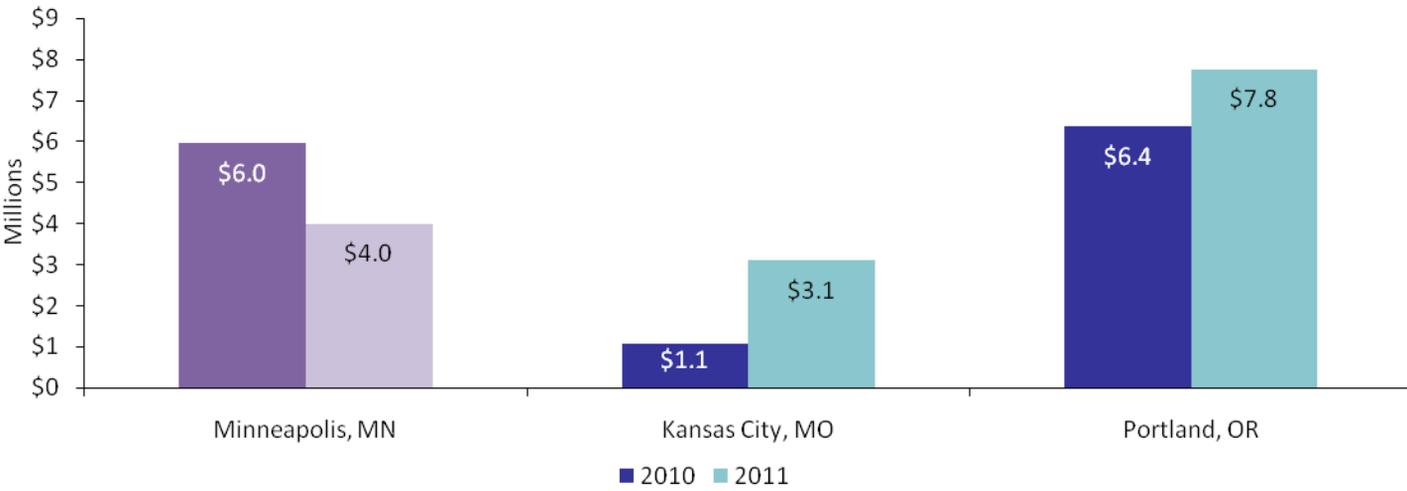
The Department of Justice distributes its grant programs through competitive grant programs and through state agencies. Cities can apply directly to the Department or to designated state agencies for a broad range of services including, but not limited to: policing, youth violence prevention, services for crime victims and court administration. In Minnesota the Department of Public Safety’s Office of Justice Programs (OJP) administers federal and state justice programs. The OJP annually prepares the state’s application for Byrne grant funds of which a portion of the total is allocated to eligible local governments. Minneapolis has received Byrne funds but the amount is dependent on the federal appropriation and a multi-factor formula.

2011 Justice Expenditures by Grant Type and City

City	Direct Award	Pass Through Award	Recovery Act
Portland	\$ 1,931,089	\$ 223,229	\$ 1,437,676
Kansas City	\$ 788,598	\$ 0	\$ 1,161,083
Minneapolis	\$ 850,000	\$ 629,000	\$ 1,610,000

Portland’s direct expenditures include the asset forfeiture program (\$360,000) and approximately \$500,000 in Byrne funds from fiscal years 2007 through 2010. Minneapolis and Kansas City did have similar programmatic expenditures. All three cities have Recovery Act expenditures that are in excess of 40 percent of total expenditures.

Department of Homeland Security Expenditures by City



What can we learn from this comparison?

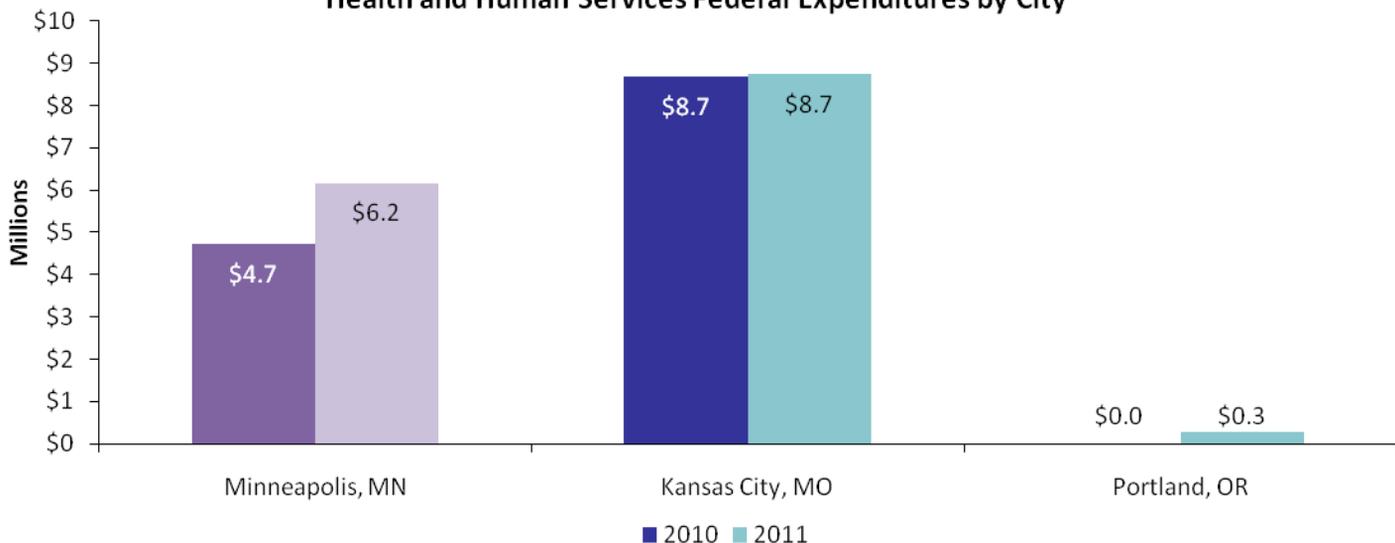
The table below indicates that Portland had rather large “pass-through” expenditures in 2011 and Kansas City expended “Recovery Act” funds while Minneapolis and Portland did not report any Recovery Act spending. A further review of the information indicates that of Portland’s “pass through expenditures” approximately \$6.0 million was spent from Urban Area Security Initiative (UASI) for fiscal years 2007 to 2010. The slow spending of UASI funds has been a major criticism of UASI by members of Congress. The Kansas City “Recovery Act” expenditures can be attributed to a grant from the Transportation Security Administration (TSA) for a project at the airport and a capital project (Fire station) funded through the Recovery Act. Minneapolis and Portland, unlike Kansas City, do not operate a commercial airport.

The Federal Emergency Management Administration (FEMA) is a part of the Department of Homeland Security. FEMA not only administers the disaster assistance programs but also two grant programs for firefighters. The Assistance to Firefighters Grant (AFG) provides funding for equipment and the other – SAFER- supports the hiring and retention of firefighters. All three cities participate in one or both programs.

The following table presents the Department of Homeland Security expenditure data for 2011 by city and grant type.

City	Direct Award	Pass Through Award	Recovery Act
Portland	\$ 18,605	\$ 7,738,831	\$ 0
Kansas City	\$ 838,984	\$ 250,023	\$ 2,012,528
Minneapolis	\$ 230,000	\$ 3,770,000	\$ 0

Health and Human Services Federal Expenditures by City

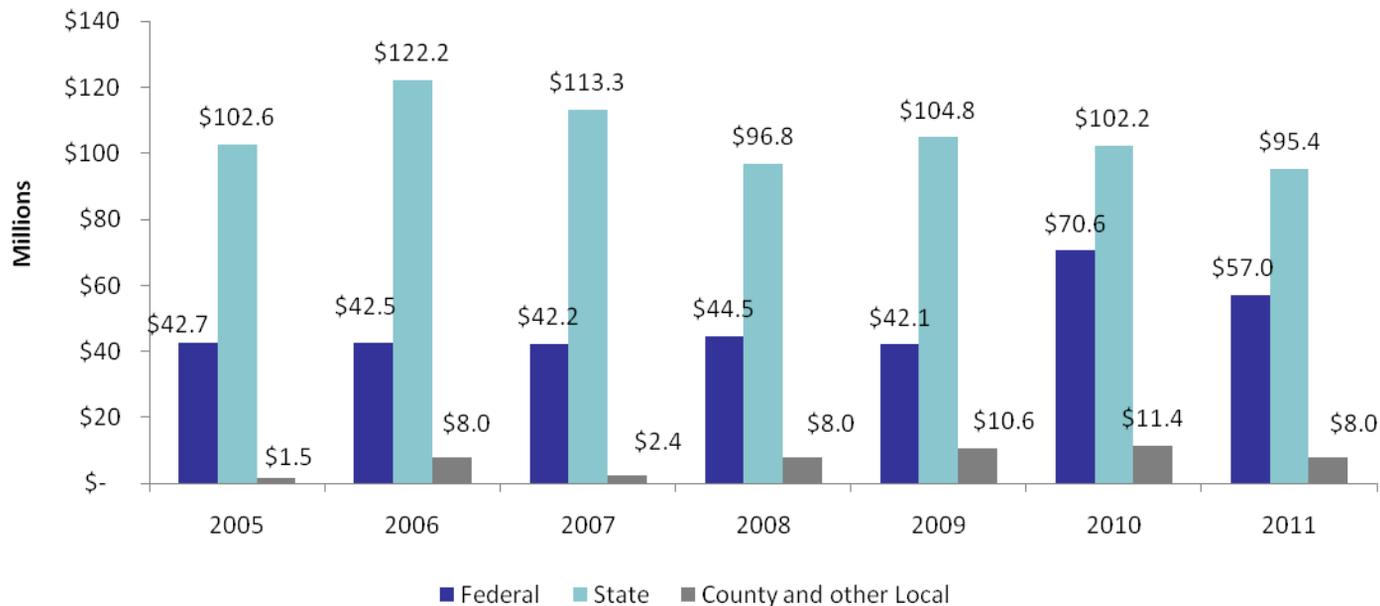


What can we learn from this comparison?

The table below can be interpreted to state that the three cities have differing missions for its health and social service programs. Portland’s expenditure are related to senior citizen programs. It is probable that the county provides most of the public health services in Portland. Kansas City provides directs health services including case management while Minneapolis’ expenditures focus on prevention. The following table presents the Health and Human Services information by city and type of award.

City	Direct Award	Pass Through Award	Recovery Act
Portland	\$ 0	\$ 92,569	\$ 192,926
Kansas City	\$ 6,370,947	\$ 2,298,906	\$ 62,148
Minneapolis	\$ 1,059,000	\$ 3,206,000	\$ 1,890,000

Aids and Grants Total Federal, State, and Local Funds



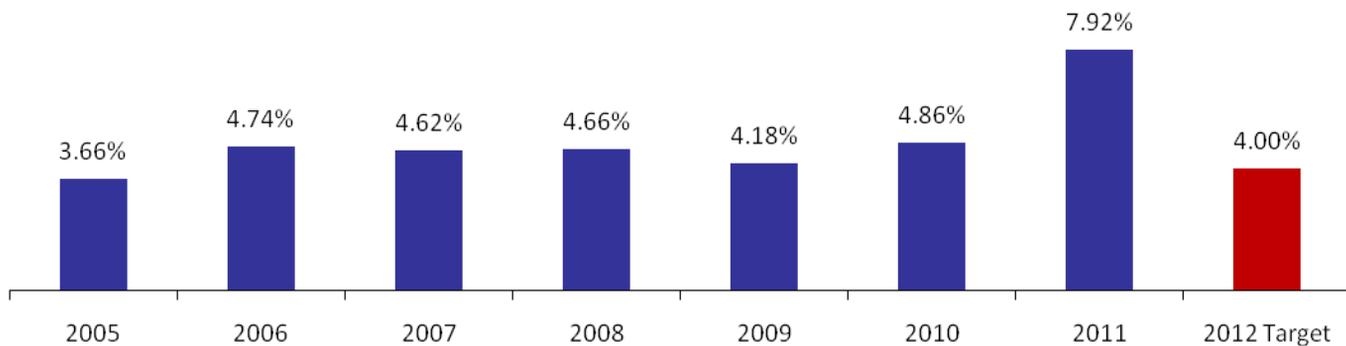
Why is the measure important?

This is a high level measure that captures the impact of external revenues on the City’s 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. The 2011 grant revenue number as percent of revenue budget is higher only because of timing of this report.

Total Amount Grant Revenue Received Annually as a Percent of City Revenue Budget



Value of Grant Funds Applied for and Awarded



Why is the measure important?

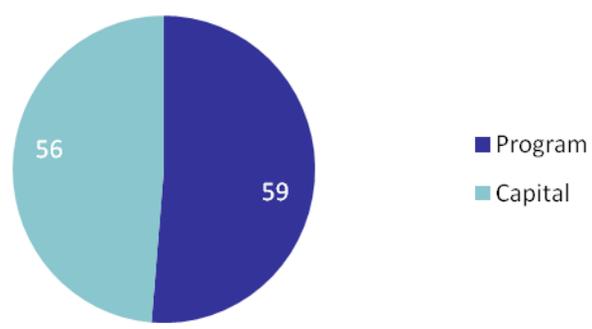
This can be a measure of operational efficiency in pursuing competitive grant opportunities. The City should apply for grants for which it is highly competitive while being able to demonstrate to funders that City program objectives address grantor priorities. This measure can also inform staff if grant 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 percent. The current 2011 target is set to have 50 percent 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.

2011 Number of Grants Applied for by Type



Aids and Grants

2011 Awards by Department	Award Total	# of Awards	Program	# of Program Awards	Capital	# of Capital Awards	Private	# of Private Awards
City Attorney	\$ 239,027	3	\$ 239,027	3	\$ -	0	\$ 150,000	1
CPED	\$ 14,644,209	47	\$ 5,160,775	9	\$ 9,483,434	38	\$ 97,500	3
City Clerk	\$ -	0	\$ -	0	\$ -	0	\$ -	0
Fire	\$ 100,000	1	\$ 100,000	1	\$ -	0	\$ -	0
Health and Family Support	\$ 3,516,147	16	\$ 3,380,467	15	\$ 135,680	1	\$ 340,046	3
Police	\$ 1,330,382	14	\$ 1,330,382	14	\$ -	0	\$ -	0
Public Works	\$ 9,394,987	17	\$ 200,000	2	\$ 9,194,987	15	\$ 8,000	1
Regulatory Services	\$ 8,173,743	14	\$ 5,922,568	12	\$ 2,251,175	2	\$ 2,000	1
Mayor	\$ -	0	\$ -	0	\$ -	0	\$ -	0
NCR	\$ -	0	\$ -	0	\$ -	0	\$ -	0
City Coordinator	\$ 1,600,000	3	\$ 1,600,000	3	\$ -	0	\$ 1,500,000	1
Finance-Property Services	\$ -	0	\$ -	0	\$ -	0	\$ -	0
TOTAL	\$ 38,998,495	115	\$ 17,933,219	59	\$ 21,065,276	56	\$ 2,097,546	10

Why is the measure important?

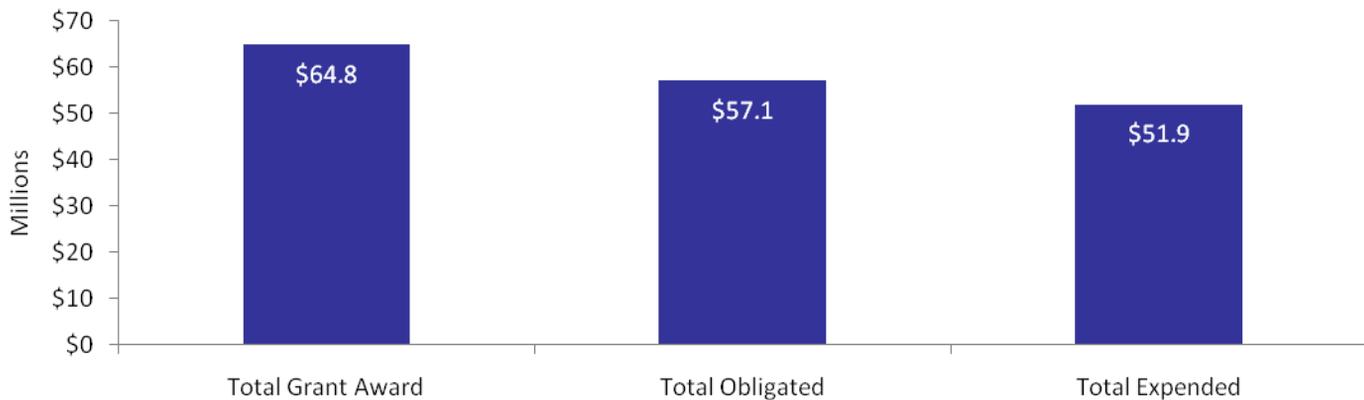
This measure is a snapshot of the number of awards by City department and the nature of award support for city programming or capital needs. This year's chart includes private entity awards as well (private number is a subset of total). It illustrates departments that are relatively more active in grants 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 2011, capital grants consisted of a larger share 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 2012



Why are these measures important?

Sixty-five million dollars 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.

Two measures were reported in last year’s progress report and provide updated information. 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 federal measure of job creation data through first quarter 2012.

An additional measure shown is 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 later 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.

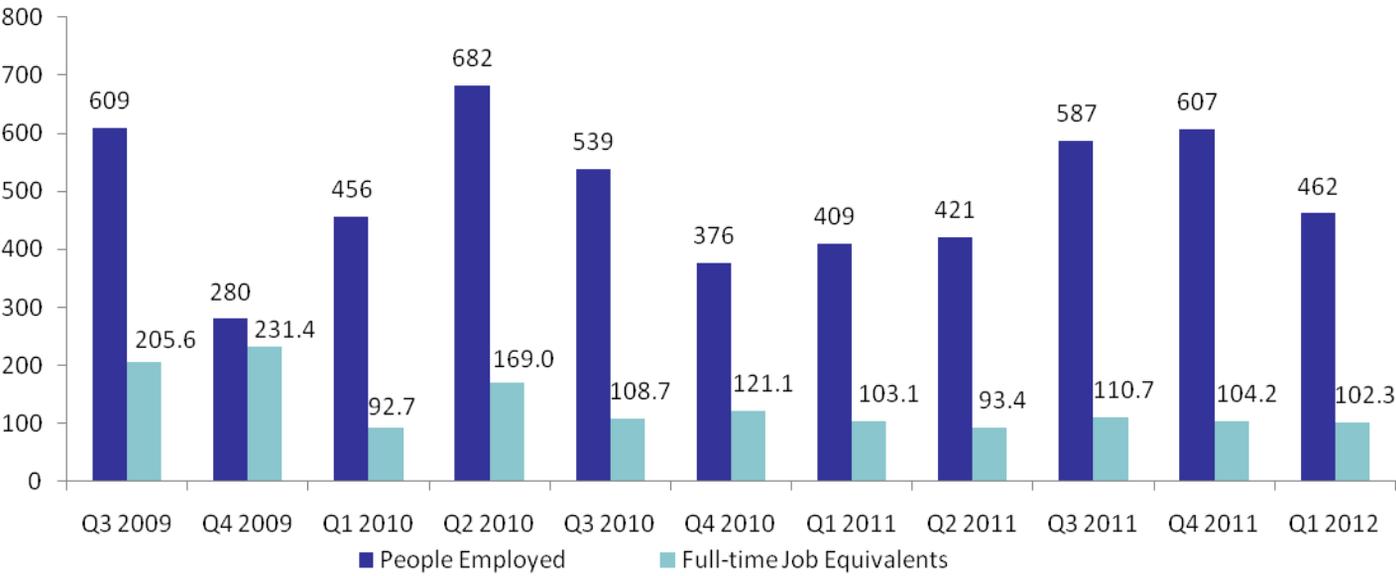
What will it take to achieve target?

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.

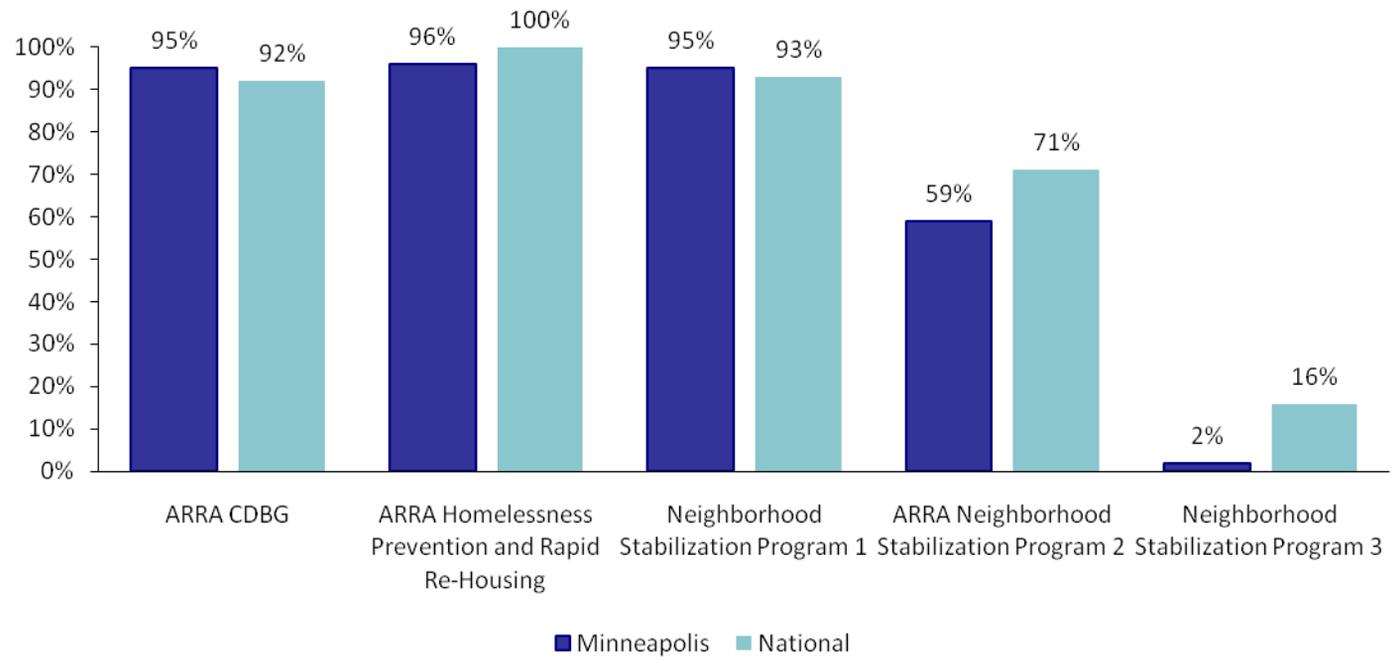
Measure Transparency (www.MinneapolisRecovery.us)

The primary outcome of 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



2011 Expenditure Rates for Selected Major Federal Programs



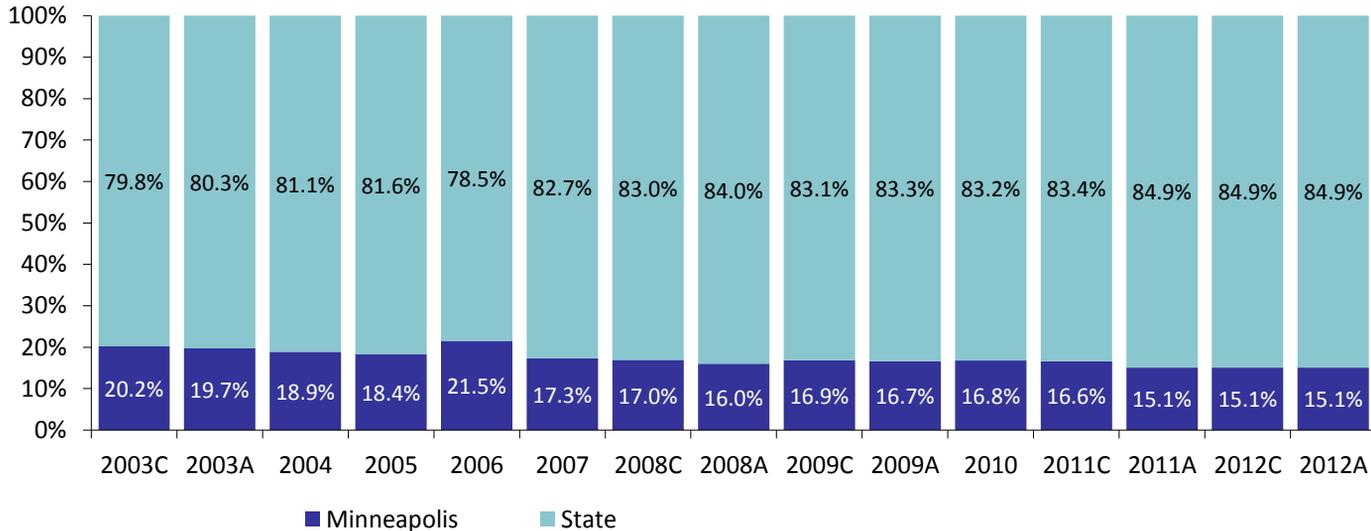
Appendix

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. Received \$1M in 2006 from the Bio Science Infrastructure Fund. \$3.5M appropriation in 2008 \$4.5M appropriation vetoed in 2010	2008, \$3.5M
	2010	\$5.3M		2010, \$0
Regional Fire Training and Emergency Operations Center	2008	\$8.0M	New project, introduction year Funding for improvements awarded	2008, \$0
	2010	\$750,000		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

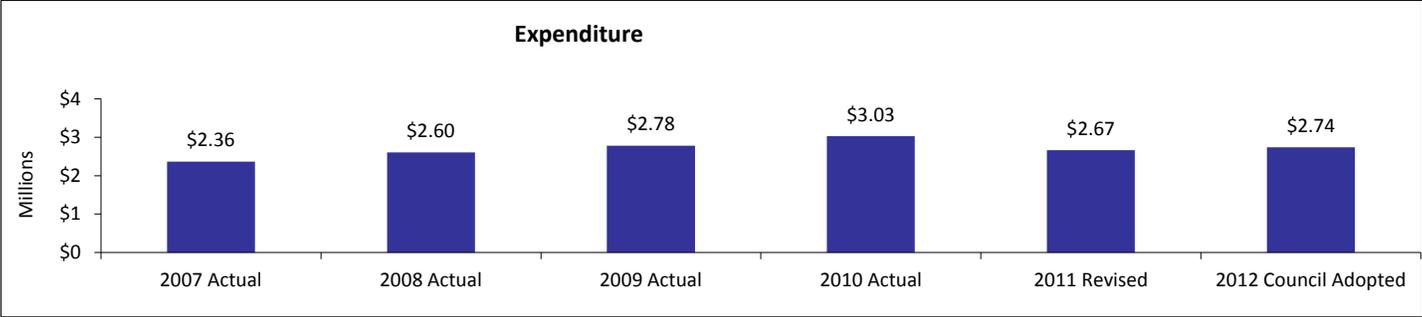
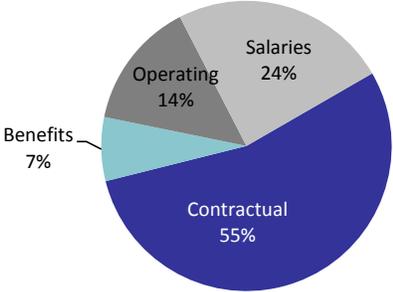
Percent of Local Government Aid Paid or Certified to Minneapolis, Metro and Greater Minnesota



* A=actual paid amount, C=certified amount, P=includes Governor's proposed cuts

Management Dashboard: IGR

**Expenditures by Type: \$2.74 million
(2012 Adopted Budget)**



Loss Prevention Data					
Year	2007	2008	2009	2010	2011
Workers Comp	\$0	\$0	\$0	\$0	\$0
Liability Claims	\$0	\$0	\$0	\$0	\$0

Average Sick Days Taken per Employee					
Year	2007	2008	2009	2010	2011
Days	4.1	4.1	10.1	1.9	0.0

Workforce Demographics				
Year end	12/31/03	12/31/08	12/31/10	12/31/11
% Female	63%	56%	43%	43%
% Employee of Color	12%	11%	14%	14%
# of Employees	8	9	7	7

Overtime Costs					
Year	2007	2008	2009	2010	2011
Hours	-	7.5	6.0	-	-
Cost	\$0	\$167	\$92.00	\$0.00	\$0

Employee Turnover and Savings					
Year End	2007	2008	2009	2010	2011
Turnover	22.2%	0.0%	23.5%	13.3%	0.0%

Position Vacancies					
Year	2007	2008	2009	2010	2011
Vacancies	0%	20%	18%	13%	13%

Performance Reviews Past Due in HRIS	
As of 08/09/12	14%

Retirement Projections											
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number	1	0	0	0	0	0	0	1	0	1	0

Notes:

Average Sick Days taken per Employee

- A) Based on the payroll calendar year not the calendar year.
- B) Does not include employees who were in a suspended ("S") Pay Status at the end of a given payroll year.
- C) Includes employees who are in a paid ("P") Leave of Absence status and an unpaid Leave of Absence status ("L").

Overtime Costs

- A) OT amount - Fiscol. Reconciled with CRS and Data ware house queries.
- B) Hours - based on HRIS management reports with payroll data

Workforce Demographics

- A) Includes employee counts at year's end for 2003 and 2008.
- B) Only includes active FT regular employees.

Employee Turnover and Savings

- A) Turnover Savings= \$Budgeted (personnel) - \$Actual (personnel)