



## Request for City Council Committee Action From the Office of the Mayor

**Date:** August 26, 2002

**To:** Council Member Lisa Goodman, Community Development Committee  
Council Member Barbara Johnson, Ways & Means/Budget Committee

**Subject:** Recommendations of the CPED Work Group regarding the McKinsey & Co. report, *Strengthening Community and Economic Development in Minneapolis*

**Recommendation:** Adopt the proposed "Focus Minneapolis" resolution and initiative

**Previous Directives:** In June of 2002, the Mayor directed the Community Planning and Economic Development (CPED) Work Group to review the McKinsey report, and to organize and conduct a process for public input and staff review of the report's recommendations.

Prepared or Submitted by: David Fey, Deputy Mayor, 673-3888  
Approved by: CPED Work Group Members  
Presenters in Committee: Mayor R.T. Rybak and David Fey, Deputy Mayor

### **Financial Impact** (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact (Explain): The financial impact of this resolution will be determined once a specific transition plan is adopted by the City Council. It is anticipated that 2002 costs associated with the transition will be absorbed within existing budgets of the predecessor departments and agencies of CPED.
- Request provided to the Budget Office when provided to the Committee Coordinator

### **Community Impact** (use any categories that apply)

**Neighborhood Notification:** All Minneapolis neighborhoods were sent copies of the McKinsey report in mid-June. A series of 23 meetings with stakeholders was conducted in June and July. See the previously provided report: "Public Review and Comment on the McKinsey Report"

**City Goals and Comprehensive Plan:** The Staff Advisory Team reviewed the planning and policy aspects of the McKinsey report; see the previously provided Staff Technical Review report.

## Background Information

On June 14, 2002, McKinsey & Co. presented the results of their six-month review of the City's planning and community development functions in a report entitled *Strengthening Community and Economic Development in Minneapolis*. Among the major findings of the report were the following:

1. The City's current financial situation and previous development results suggest that Minneapolis will be unable to meet its development priorities using current development approaches
2. City leadership has not been strong and consistent in setting strategy, making project decisions, and managing the execution of its vision
3. The current approach to development lacks key elements for success, including clear priorities and measurable short and long term goals
4. The current spending strategy focuses on physical (e.g. real estate) development, neglecting other attractive approaches, levers and tools
5. The City lacks a number of clear development management processes (e.g. project prioritization, development budgeting, strategic planning)
6. Development planning is fragmented across many City entities
7. The City's flat organizational structure results in a lack of accountability for meeting Citywide goals and targets
8. Poor customer service due in part to fragmentation of development functions between departments makes it difficult to do business with the City
9. While each development department has distinctive capabilities, there are conflicts or frictions in areas where their duties intersect<sup>1</sup>

McKinsey recommended that the City implement an integrated package of actions to address these financial, strategic, and organizational barriers. Specifically, McKinsey recommended that the Mayor and City Council should:

- I. Agree on development priorities and establish goals for its top priority development issues
- II. Adopt new processes to ensure better strategic planning and development management
- III. Change the development organization to increase accountability, improve coordination, and align the organization with stated City priorities.<sup>1</sup>

The Mayor convened a Work Group composed of the Mayor, 4 Council Members, and staff to review the report and develop recommendations for an official City response to the report. The Work Group in turn created a Staff Advisory Team to manage the process of gathering stakeholder input and conducting a detailed, technical review of the recommendations in the report.<sup>2</sup> The Work Group charged the Staff Advisory Team with three responsibilities:

1. To manage the stakeholder input process, including managing presentations to stakeholders and integrating public input into a useable format.
2. To conduct a technical review of McKinsey & Company's recommendations, including framing preliminary financial, personnel, legal/IGR, and policy integration issues.

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<sup>1</sup> June 14, 2002 McKinsey & Co. report: *Strengthening Community and Economic Development in Minneapolis*

<sup>2</sup> The membership of the Work Group and Staff Advisory Team is listed on an attachment to this memo.

3. To advise the Work Group regarding the scope of the initial set of recommendations for action by the Mayor and City Council.

The Staff Advisory Team designed and implemented an extensive community outreach and engagement process. This process included mailing 300 reports to interested stakeholders; airing 21 rebroadcasts of the McKinsey presentation to the City Council on City Cable 14; maintaining a web presence on the report and recommendations; and collecting feedback through a variety of methods. Methods included 23 meetings and presentations; a web feedback form; an email address; a mailing address; a telephone hotline for employees; and three comment boxes at City Hall and the Minneapolis Community Development Agency (MCDA). In addition to these activities, many Council Members made presentations at regular community meetings and provided input to the Staff Advisory Team from their constituents. The City also invited formal, written responses from interested entities and organizations. The results of these outreach efforts have been recorded and summarized by City staff, and are compiled in a report titled "Public Review and Comment on the McKinsey Report." This report was distributed to the City Council and published on the City's web site.

The Staff Advisory Team organized four subcommittees. These subcommittees were chaired by Pat Born (Finance), Ann Eilbracht (Personnel), Mike Norton (Legal/IGR), and David Doth (Policy Integration). These four topics were chosen for the initial round of staff review because they cover overarching issues that need to be addressed regardless of the specific organizational design selected. A second round of staff work will be required to review detailed operational issues associated with the selected organizational model. The subcommittees were asked to identify the high-priority or "first order" issues that they believed the Mayor and Council would want to address before taking action on the McKinsey recommendations. These reports were distributed to the City Council and published on the City's web site.

Having received stakeholder comments and the staff's technical review, the Work Group devised a series of policy steps to respond to the issues identified in the McKinsey report. These steps are summarized in the "Focus Minneapolis" resolution that is attached for your consideration. The resolution sets in motion a series of actions to begin the process of putting the City's community development house in order. It responds to all three McKinsey recommendations: setting community development goals, improving four key processes, and beginning the reorganization of City resources to enable a more coordinated and streamlined community development function.

The CPED Work Group understands that as with any major change effort, this process will be complex and that it will take time to unfold. The Work Group appreciates the efforts of staff and community to engage in a thoughtful way about an enormously complex set of interrelated City functions. The attached resolution outlines an initial set of policy steps that will lead to additional decision points in the future. The resolution also includes a set of staff directives that begin to lay the groundwork for these future decisions.

The Work Group offers this resolution as the first step in setting a new course for community development in Minneapolis. We look forward to continuing the dialogue with the Council, our staff, our customers, and the public at large as this process unfolds over the coming months.

Attachments:

List of CPED Work Group and Staff Advisory Team members  
Proposed "Focus Minneapolis" resolution

**Work Group Members:**

Mayor R.T. Rybak  
City Council Member Scott Benson  
City Council Member Lisa Goodman  
City Council Member Gary Schiff  
City Council Member Dean Zimmermann  
Deputy Mayor David Fey

**Staff Advisory Team Membership :**

David Fey, Deputy Mayor, Chair  
Chuck Ballentine. Planning Director  
John Bergquist. Assistant City Coordinator, Operations & Regulatory Services  
David Doth. Director, Health and Family Support  
Chuck Lutz, MCDA Interim Director  
Bob Miller, NRP Director  
John Moir, City Coordinator  
Sara Dietrich, Communications  
Leslie Krueger, Management & Budget, Finance  
Michael Norton, City Attorney's Office  
Lori Olson, City Coordinator's Office  
Jeff Schneider, Management & Budget, Finance

**Subcommittee Membership:****Finance:**

Chair/Convenor: Pat Born; Staffed by: Jeff Schneider  
Members: David Doth, Jack Kryst, Jack Whitehurst, other City Finance staff and outside financial counsel as needed

**Personnel:**

Chair/Convenor: Ann Eilbracht; Staffed by: HR staff  
Members: Archie Carlos, Paul Fuchs, Tim Giles, Leslie Krueger, Carol Rogers, Carsten Slostad

**Legal/IGR:**

Chair/Convenor: Mike Norton; Staffed by: Jeff Schneider  
Members: Andrea Hart-Kajer, Mike Schwab, Chuck Ballentine, Bob Miller, Kristi Lassegard, Carol Lansing, Larry Cooperman and outside legal counsel as needed

**Policy Integration/ Project Decision Process:**

Chair/Convenor: David Doth; Staffed by: Leslie Krueger  
Members: Bob Miller (Joe Horan alt) Chuck Ballentine (Joyce Rhyan alt) Keith Ford, Sara Dietrich, Merwyn Larson, Brian Lokkesmoe (Gayle Prest, Pierre Willette alt)