Request for City Council Committee Action
From the Department of Community Planning & Economic Development

Date: March 23, 2004

To: Council Member Lisa Goodman, Community Development Committee

Prepared by: Jeff Schneider, Senior Project Manager, Phone 612-673-5124
Presenter in Committee: Lee Sheehy, Director

Approved by: Lee Sheehy, Director_____

Subject: CPED Business Plan, 2004 - 2008

RECOMMENDATION: Approve the Department of Community Planning & Economic Development business plan, dated March 10, 2004.

Previous Directives: On January 31, 2003, the City Council adopted Resolution 2003R-034, establishing a commitment to business planning consistent with the accompanying Five-Year Financial Direction.

Financial Impact (Check those that apply)

_X_ 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):
___Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact

Ward: Citywide

Neighborhood Notification: On February 20, 2004, neighborhood groups were invited to submit comments on the draft business plan.

City Goals: CPED's business lines primary address Goal 4 (Create an environment that maximizes economic development opportunities…) and Goal 5 (Foster the development and preservation of a mix of quality housing types…). A full discussion of CPED's contributions to these and other goals is presented in the business plan.

Comprehensive Plan: Not applicable.

Zoning Code: Not applicable.

Living Wage/Job Linkage: Not applicable.

Background/Supporting Information

The CPED business plan was prepared by a team of representatives from each of the entities that combined to form CPED – the Minneapolis Community Development Agency, the Planning Department, the Empowerment Zone office, and the Minneapolis Employment and Training Program – as well as representatives from Finance, Regulatory Services, Human Resources and the Minneapolis Public Housing Authority. I would like to acknowledge and commend the contributions of this staff team in the preparation of the business plan as well as those of CPED managers and directors in the review and refinement of the Plan.

In accordance with the City's business planning process, CPED solicited peer review of the draft business plan. The comments and suggestions received from Regulatory Services, Public Works, the Fire Department and the City Coordinator inspired valuable discussion and helped shape the final product.

The draft plan was posted on CPED's web site in late February and neighborhood groups were invited to comment on the plan. As of the date of preparation of this report, no comments have been received from neighborhood groups or the public. Comments submitted before Council action on the plan will be forwarded to Council Members as they are received.

Business Plan Highlights

The creation of the department last year provided an opportunity to review both organizational and functional structures of the four entities that became CPED. The plan defines the six primary business lines carried out by CPED's four divisions as follows:

Division	Primary Business Line
Planning	Community Planning Development Services
Economic Policy & Development	Economic Policy & Development
Housing Policy & Development	Housing Policy & Development
Strategic Partnerships	Workforce Development Partnerships

The plan identifies three key challenges for CPED:

- complete the operational formation of the department in accordance with the Focus Minneapolis initiative;

- align the new department with City strategic and programmatic priorities and establish appropriate relationships with City internal support services; and
- improve the use of socioeconomic trends, stakeholder feedback and related data to better attune the department to the needs and gaps in the private marketplace.

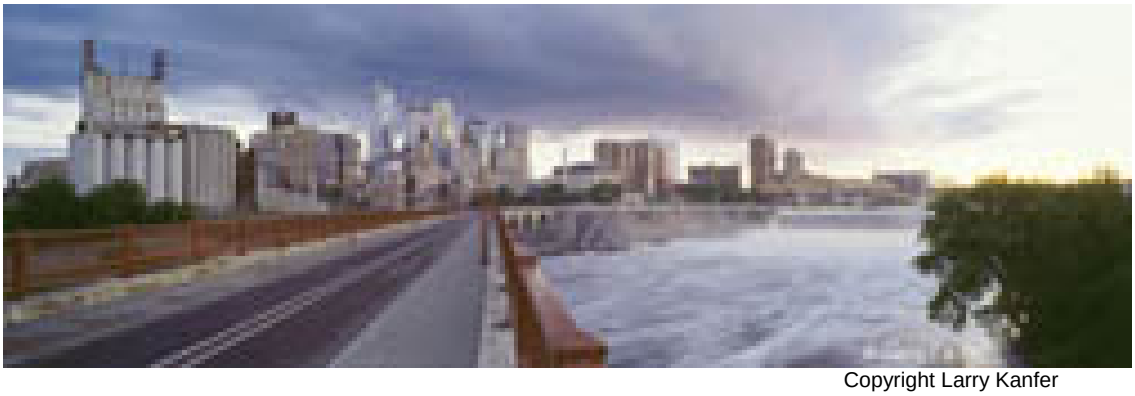
We will meet these challenges through leadership and a dedication to greater financial transparency and acumen, management accountability, and alignment with the City enterprise.

Key initiatives are detailed within the descriptions of each of the six primary business lines. Overall department efforts will strive toward:

- more consciously targeted uses of limited development resources and greater efforts to align project activity with policy priorities;
- closer coordination with Regulatory Services and other departments as part of the One Stop Development Review Center initiative; closer coordination with Public Works on transportation issues and overall capital improvement planning;
- strengthened partnerships with public and private entities outside of city government;
- increased attention to private market trends and support of private market efforts to grow jobs and build housing;
- greater clarity about relationships with NRP, neighborhood groups, and residents about roles, responsibilities, and resources around citizen access and participation; and
- greater financial transparency and greater discipline in reporting outcomes related to dedicated resources.

Key outcome measures and initiatives for each business line and for the department as a whole are identified in the business plan.

DRAFT 3-10-04



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Department of

Community Planning & Economic Development

Business Plan

March 2004

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Executive Summary

The Community Planning & Economic Development (CPED) Business Plan was prepared by a staff team in accordance with the City's business planning process. The plan describes the department's mission, primary business lines, service activities, alignment with City goals, key trends and challenges, relationship to other departments, and key performance measures. The plan is organized according to the department's six primary business lines. The plan reflects the activities of the four entities that were combined during 2003 to form CPED: the Minneapolis Community Development Agency, the Planning Department, the Empowerment Zone, and the Minneapolis Employment and Training Program.

Mission Statement

To promote and advance the City's planning and community development goals through strategic partnerships and responsible management of resources, and to support the public interest through implementation of the City's plans and priorities.

Primary Business Lines and Service Activities

1) Housing Policy & Development

- Provide financing and administer programs for the development and preservation of affordable and mixed-income rental and ownership housing.
- Develop and rehabilitate moderate and market rate single-family ownership housing.
- Create an environment that encourages and supports private market activity in the production and preservation of housing for all income levels.
- Provide financing for home improvement and home mortgages in cooperation with the Development Finance Division of the Finance Department.

2) Economic Policy & Development

- Identify, pursue, and promote long-term catalytic redevelopment projects, priority initiatives, and economic development opportunities.
- Build relationships with businesses.
- Provide sites and financing for neighborhood commercial, mixed-use and industrial development.
- Provide financing and technical assistance to for-profit and not-for-profit businesses.
- Maintain and promote a vital downtown and central riverfront.
- Manage real estate assets and contractual obligations.

3) Community Planning

- Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to encourage participation in City processes.
- Conduct research and analysis on trends affecting City policy and development.
- Coordinate City-sponsored arts and cultural activities and serve as a liaison between private cultural efforts and City services.

4) Development Services

- Administer and interpret the zoning code and land subdivision regulations.
- Review and prepare findings and recommendations on applications for approvals as required by the zoning code, land subdivision regulations and state law.
- Administer and interpret the City's heritage preservation regulations.
- Prepare and recommend to the City Council amendments to the City's land use regulations.

5) Workforce Development

- Manage the Minneapolis Employment Training Program (METP).
- Develop employment partnerships with emerging enterprises.
- Promote living wage job creation and retention through job linkage agreements.
- Develop marketing and service programs that help businesses hire and retain Minneapolis residents.

6) Partnerships

- Ensure that the city's highest priority corridors are improved through partnerships supported by CPED.
- Organize City response to industry opportunities.
- Develop partnerships with other public entities.
- Provide technical and financial support to neighborhood organizations and the Neighborhood Revitalization Program.

Department Alignment with Citywide Strategic Plan

CPED is the primary City department contributing to two City goals:

Goal 4: Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Goal 5: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs and promotes future growth.

CPED is a significant contributor to two City goals:

Goal 6: Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis.

Goal 7: Promote public, community and private partnerships to address disparities and to support strong, healthy families and communities.

Key Challenges Impacting the Department

CPED must meet three key challenges:

- complete the operational formation of CPED; i.e. integrate the projects, programs, services and staffs of the Minneapolis Community Development Agency, Planning Department, the

Empowerment Zone and the Minneapolis Employment and Training Program to establish a new internally coordinated single department;

- align the new department with City strategic and programmatic priorities and establish appropriate relationships with City internal support services; and

- improve the use of socioeconomic trends, stakeholder feedback and related data to better attune the department to the needs and gaps in the private marketplace so as to be able to assist private growth and development where appropriate and intervene in the market in a more timely and effective manner when appropriate.

Additional demographic trend information is described in Section One.

Key Performance Measures and 2004 Initiatives

Key outcome and performance measures are detailed within the business line sections. Some of the service activities and related measures are new and therefore do not have historical data. Key measures for the department include:

- number of new/conversion multifamily housing units completed;
- number affordable (<50% of MMI) units placed in service;
- number of single-family units completed;
- estimated increase in annual property taxes due to economic development projects;
- number of new jobs projected by assisted projects;
- number of small business loans issued;
- number of neighborhood (small area) plans approved by City Council;
- number of land use applications reviewed;
- number of building permits reviewed;
- gap in unemployment rate between city and metropolitan region; and
- number of people placed in jobs through workforce development programs.

Key 2004 initiatives are also detailed within the individual business lines; overall department efforts will strive toward:

- more consciously targeted uses of limited development resources and greater efforts to align project activity with policy priorities;

- closer coordination with Regulatory Services and other departments as part of the One Stop Development Review Center initiative; closer coordination with Public Works on transportation issues and overall capital improvement planning;

- strengthened partnerships with public and private entities outside of city government;

- increased attention to private market trends and support of private market efforts to grow jobs and build housing;

- greater clarity about relationships with NRP, neighborhood groups, and residents about roles, responsibilities, and resources around citizen access and participation; and

- greater financial transparency and greater discipline in reporting outcomes related to dedicated resources.

Housing Policy & Development Key Initiatives

Affordable Housing Trust Fund - Within the AHTF, CPED will implement a new "Seed Money" initiative to fund three concepts: 1) capitalization of new public housing units in non-concentrated areas using 100 units of MPHA ACC authority currently available; 2) matching funds for rental developments with funding commitments from faith-based organizations; and 3) matching funds for rental developments with funding commitments from Xcel, Minnegasco or others for energy-efficient and/or sustainable building construction.

Limited Equity Coop Pilot Program - Through this new program for gap financing for limited equity (ownership) cooperative development, funds will be available for: 1) leasehold coops converting to limited equity coops as a result of expiring tax credits; 2) affordable and mixed-income family housing; and 3) affordable and mixed-income senior housing.

Heritage Park Finance Plan - CPED will develop a finance plan and secure funding sources to ensure that Heritage Park meets its construction deadline.

Higher Density Corridor Housing Initiative - CPED will acquire sites for multifamily housing development on community commercial and transit corridors as defined in The Minneapolis Plan.

Perpetual Affordable Pilot Project - CPED will invest in housing projects that will ensure long-term affordability for families at <50% of MMI.

Northside Partnership - CPED will establish a Northside Partnership to preserve existing housing stock and increase housing choices in the community. The Partnerships business line will lead this initiative, and the Workforce Development business line will also participate in linking housing and employment supports.

Market Advocacy - CPED will increase private housing investment in the city by working strategically with developers, housing partners and stakeholders.

Economic Policy & Development Key Initiatives

Market Advocacy - CPED will work with firms seeking project management assistance (and not public subsidy) in navigating the planning, zoning and regulatory processes.

Expand Small Business Loan Programs - CPED will expand small business loan programs, including the 2% Commercial Loan Program, through the Targeted Community Corridors Initiative. CPED will offer expanded small business assistance to firms that need financing for renovations, leasehold improvements and equipment in amounts larger than the current 2% program guidelines. In addition, the Common Bond Fund is being expanded for firms that are not located in the City of Minneapolis, but could utilize the tools that the Common Bond Fund provides. This activity will generate additional fee income.

Create Riverfront Development Corporation - CPED will create a Riverfront Development Corporation to guide activities in the Central and Upper Riverfront. This will ensure better coordination among all organizations whose missions include the Mississippi River. The Corporation will develop a long-term funding plan to guide riverfront development.

Determine City Role in Theater Operation - CPED will determine the long-term City role in the operation of City-owned theaters, to achieve clarity regarding management of the theaters.

Community Planning Key Initiatives

Prepare and/or Assist with Plans - including LRT Station Area Plans, Industrial Land Use Plan, Lake Street Development Objectives, Critical Area Plan, Lowry Hill East Rezoning Study, Sustainability Plan, Downtown Parking and Transit Study (with Public Works), Bassett Creek Valley Rezoning Study, South Lyndale Small Area Plan, Midtown Greenway Land Use Plan, Upper Harbor Terminal Study, and Long-range Arts and Cultural Affairs Plan and public art funding strategy.

Expand Research Activities and Products – including an expanded Minneapolis Trends Reports and a new key indicators report

Prepare Planning Manual for Neighborhoods – to assist neighborhoods in understanding the process of small area planning and incorporating small area plans into the comprehensive plan

User Survey of Participants in Planning Processes – survey to determine levels of satisfaction with City planning processes

Development Services Key Initiatives

Implement One Stop Development Review Center Customer Service Improvements - including: data cleanup; better coordination with other departments; streamlining the land use application and appointment process; revising forms, handouts and instructions; employing a case manager system where appropriate; and instituting an automated phone system to better direct callers to available resources

Revise Zoning Code - to reflect the need to prioritize the City's regulatory efforts

Organizational Changes – including: cross training; cleanup of KIVA data system; streamlining processes; employing a case manager approach for more complex projects; improving written materials; rolling out an automated phone system; and increasing accessibility to land use application forms

Workforce Development Key Initiatives

Improve Delivery System - through implementation of a five-year plan approved by the Workforce Council

"Close the Gap" Campaign - a $5 million campaign to close the gap between city and metro area unemployment rates

Health Careers and Financial Careers Institutes - METP will work on building career tracks within these industries

Construction Coalition - METP will help organize a performance-based approach to construction projects within the city to promote opportunities for non-traditional entrants

Northside Partnership – a model for linking housing and employment supports in challenged households will be tested in this partnership, which will be led by the Partnerships business line

Partnerships Key Initiatives

Northside Partnership - CPED will develop strategies for achieving goals for north Minneapolis in the areas of home ownership, employment, economic development, public safety, health and human services, and access to amenities and recreation.

Minneapolis Lifesciences Corridor - CPED will create the Minneapolis Lifesciences Consortium, a board to govern the Chicago Avenue Lifesciences Corridor. Milestones in 2004 will include a medical conference center, expansion of labs and other facilities along the corridor, and creation of a Minneapolis Lifesciences capital fund. A website will be created and promotional and educational activities will be undertaken.

City-University Partnership - CPED will form a partnership between the City and the University of Minnesota to identify, define and work on issues of mutual concern. A retreat will be held to define the partnership agenda. There will be monthly meetings between key City and University staff.

Introduction

The Department of Community Planning & Economic Development (CPED) was established by a City Council ordinance that became effective on August 24, 2003. This Business Plan is therefore the first such plan for the new department.

The Business Plan was prepared by a team with representatives from each of the entities that combined to form the new department – the Minneapolis Community Development Agency, the Planning Department, the Empowerment Zone office, and the Minneapolis Employment and Training Program – as well as representatives from Finance, Regulatory Services, Human Resources and the Minneapolis Public Housing Authority. Throughout the process, the team regularly communicated with and received feedback and direction from CPED management.

Team members included:

Barbara Allivato, CPED (Economic Development)
Tom Daniel, CPED (Economic Development)
Ellen Dosdall, Regulatory Services
Pam Frantum, Finance
Tiffany Glasper, CPED (Housing)
Kim Havey, CPED (Empowerment Zone)
Cynthia Lee, CPED (Housing)
Joan Mathieu, Finance
Pam Miner, CPED (Planning)
Carol Rogers, Human Resources
Jeff Schneider, CPED (Administration)
Narin Sihavong, CPED (Empowerment Zone)
Tom Streitz, MPHA
Jim Voll, CPED (Planning)
Chip Wells, CPED (METP)
Donna Wiemann, CPED (Housing)

The business planning effort began in June 2003, prior to the legal creation of the department. Engaging in the process has helped the new department to define its mission, primary businesses, service activities, alignment with City goals, relationship to other City departments, and key performance measures. The process has also helped CPED staff build closer working relationships with one another across previously separate work units.

Section One of the Business Plan provides an overview of the department, including its mission statement, primary business lines, alignment with City goals, key trends and challenges, and the organizational chart.

Section Two describes for each Primary Business in turn its service activities; markets, customers and expectations; relationship to other departments' and agencies' businesses; and key performance measures.

Section Three describes the key initiatives and other models of providing service for each Primary Business.

Section Four describes department resources, including a finance plan, workforce plan, technology plan and equipment and space plan.

Section Five provides a summary of revenues, expenditures, FTEs and key performance measures for the department as a whole.

Section One: Department Overview

This section provides an overview of the department, including its mission statement, primary business lines, alignment with City goals, key trends and challenges, and the organizational chart.

Department Mission Statement

To promote and advance the City's planning and community development goals through strategic partnerships and responsible management of resources, and to support the public interest through implementation of the City's plans and priorities.

Identification of Primary Business Lines

The Department of Community Planning & Economic Development (CPED) has six primary business lines:

1) Housing Policy & Development

   CPED provides financing and administers programs for housing development, preservation and rehabilitation; provides financing for home improvement and home mortgages through a vendor contract in cooperation with the Development Finance Division of the Finance Department; and encourages and supports private market activity in the production and preservation of housing for all income levels.

2) Economic Policy & Development

   The Economic Policy & Development business line is focused on business retention, expansion, creation, and attraction – both downtown and in the neighborhoods. Through this business line, CPED provides the financing, programmatic and real estate tools used with commercial, mixed-use and industrial development and expansion. The department offers market advocacy services through this business line.

3) Community Planning

   CPED prepares and coordinates the implementation of the City's comprehensive plan, conducts research and analysis on trends affecting City policy and development, and coordinates City-sponsored arts and cultural activities.

4) Development Services

   CPED administers and interprets the zoning code, land subdivision regulations and heritage preservation regulations, and reviews applications for approvals as required by city ordinance and state law.

5) Workforce Development

   CPED manages a system that identifies and prepares Minneapolis residents for living wage job opportunities.

6) Partnerships

   CPED establishes and supports partnerships that advance the City’s community development goals.

Department Alignment with Citywide Strategic Plan

CPED is the **primary City department** contributing to the following two City goals:

Goal 4: Create an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

- CPED assists in the preservation and creation of living-wage jobs, enhances the city's tax base, secures financing to redevelop blighted and contaminated areas, and supports the provision of commercial services to city residents.
- Through financing and technical assistance provided to small businesses, CPED leverages private financing for business expansion projects that retain businesses in the city, increase the availability of neighborhood commercial services, retain and create jobs, and support business start-ups among minority and immigrant populations.
- CPED works to strengthen downtown retail and entertainment sectors and to maintain downtown as the principal employment center of the region.
- CPED's employment, training and workforce development programs create opportunities for individuals to access good-paying jobs while helping employers meet their hiring needs.
- To help make Minneapolis as easier city within which to do business, CPED will provide project management assistance (regardless of the need for public financial assistance) and will collaborate with Regulatory Services in the One Stop Development Review Center.
- Through its market advocates, CPED will help businesses navigate the planning, zoning and regulatory processes.

Goal 5: Foster the development and preservation of a mix of quality housing types that is available, affordable, meets current needs and promotes future growth.

- CPED encourages and assists the development of a mix of housing styles, types, densities and unit sizes, as well as ownership and rental opportunities.
- CPED's housing development efforts address the entire range of affordability and the full life-cycle continuum, including senior/elderly housing and supportive housing for special needs populations.
- CPED integrates housing with other development opportunities, including those within the Empowerment Zone, along the light rail transit corridor, on the riverfront and within downtown.
- CPED exercises development controls and works in partnership with other City departments and community organizations to ensure housing quality and compatible design.

CPED is a **significant contributor** to the following City goals:

Goal 6: Preserve and enhance our natural and historic environment and promote a clean, sustainable Minneapolis.

- CPED planning and development efforts seek to preserve and enhance the city's natural and historic environment.
- Energy efficiency and sustainability are addressed in CPED's housing programs.

- CPED's riverfront redevelopment activities assist in the preservation of historic buildings and resources.
- CPED implements land use regulations and administers and interprets the City's heritage preservation regulations.
- CPED works closely with residents and businesses to address community livability issues such as litter and graffiti, noise and nuisance issues through the elimination of residential blight and the development of quality housing.

Goal 7: Promote public, community and private partnerships to address disparities and to support strong, healthy families and communities.

- CPED partners with neighborhood organizations, business organizations, developers, businesses, and numerous public and private agencies and entities to address disparities and promote strong, healthy families and communities.
- CPED delivers quality housing that contributes to the social well-being of individuals, communities and the city as a whole.
- Homeless and supportive housing bring together appropriate services and a stable housing environment for vulnerable populations.
- CPED's economic development activities and employment, training and workforce development programs contribute to economic self-sufficiency for families.

CPED, **along with every City department**, supports and strives to achieve the following goals:

Goal 3: Deliver consistently high quality City services at a good value to our taxpayers.

- CPED supports this goal by striving to ensure that development processes and policies are clear, consistent and well-managed.
- CPED uses a variety of public funding tools to leverage private financing for residential, commercial and industrial development.
- CPED delivers high-quality employment and training services to city residents at a reasonable cost with a high return on investment, and uses performance-based contracting arrangements to ensure accountability.
- The integration of MCDA into the City structure may reduce support services costs over time by integrating duplicated functions of Finance, Human Resources, Information Technology and Communications into the central service departments.

Goal 8: Strengthen City government management and enhance community engagement.

- The creation of CPED contributes to enhanced enterprise alignment and government management by consolidating policy direction and enhancing management coordination with other departments.
- Combining the previously separate functions of MCDA, Planning, METP and EZ will promote and facilitate greater strategic and programmatic coordination.
- CPED enhances community engagement by maintaining positive relationships with neighborhoods and supporting their involvement in planning and review processes.
- Community planners are assigned to each of five geographic sectors of the city to maintain communication and a presence in the neighborhoods.
- Public notification is required as part of the development review process.
- CPED engages a network of community-based organizations and neighborhood groups to deliver employment and training programs in their service areas.

- CPED will clarify, prioritize and better manage the citizen processes which operate within the boards and committees it currently supports.
- The recently formed Affordable Housing Trust Fund Advisory Group presents a new opportunity for citizen involvement.

CPED **indirectly supports** the following goals in that development design elements and the elimination of blight contribute to ensuring a healthy, vital and safe city:

Goal 1: Build communities where all people feel safe and trust the City's public safety professionals and systems.

Goal 2: Maintain the physical infrastructure to ensure a healthy, vital and safe city.

Key Trends and Challenges Impacting the Department

Challenge of Establishing a New City Department

CPED faces enormous opportunities and challenges as the projects, programs, activities and staffs of the Minneapolis Community Development Agency, the Planning Department, the Minneapolis Empowerment Zone and the Minneapolis Employment and Training Program are merged into one new City department. The McKinsey study and the Focus Minneapolis resolution raised expectations that development processes and customer service will be more driven by enterprise policy priorities, and that customer service will be greatly enhanced. Numerous strategic, policy, programmatic and practical issues must be identified and resolved, in the midst of on-going project and program activity. Former MCDA employees, who represent approximately two-thirds of the new department's staff, need to be integrated into the City's Civil Service system. Further, the new department must successfully blend the cultures and practices of the combining entities.

Challenge of Aligning CPED with City Priorities and Support Systems

As a new entity with a substantially new management team, the department must establish new working relationships with other City departments and related entities, particularly around services areas that cross departmental and agency boundaries. Examples include the One Stop Development Review Center (with Regulatory Services), transportation planning (with Public Works), affordable housing (CPED has numerous external partners, including MPHA, non-profit developers and others), and citizen engagement (with NRP). Additionally, the transition from MCDA to CPED has resulted in the transfer of several previously decentralized support functions (HR, Finance, Communications, IT) into their respective City counterparts. Revised and updated service arrangements must be finalized with each of the central service providers. A particularly important aspect of this is the merging of the MCDA computer system into the main enterprise system run by BIS.

Challenge of Attuning CPED More Closely to the Private Marketplace

Historically, the City has financed below-market housing and economic development programs and projects without a full understanding of market trends or the effectiveness of its efforts at correcting market imperfections. The City and CPED need to be more closely attuned to the needs and gaps in the private marketplace on a real time basis so as to assist private growth and development where appropriate (i.e. reducing regulatory friction and transaction costs) and to intervene in the market in a more timely and effective manner when appropriate. Program design needs to be more driven by conscious policy choices backed by solid information and analysis and less by developer, funder or political considerations. This will require expanded efforts to assemble and organize information available from outside sources and where necessary, producing information within the department.

Economic and Demographic Trends

There is a need to improve tracking of market and socioeconomic data and trends to increase the effectiveness of the department's activities. Toward that end, CPED has recently instituted publication of Minneapolis Trends, a quarterly overview of socioeconomic and housing trends in Minneapolis. A summary of significant trends is presented below.

- The city's population, although more than 60 percent white, is becoming younger and more diverse.

  New immigrants from Latin America (especially Mexico), Africa, Eastern Europe and Asia are finding and creating new economic opportunities in Minneapolis, but at the same time generating new demands for housing, education, health and infrastructure. The portion of the Minneapolis population that is foreign-born increased from six percent in 1990 to 14.5 percent in 2000.

  Meanwhile, several institutions of higher education continue to attract a young, college bound population, which lives in the city for a few years before leaving for the suburbs.

  Also, the number of older people (over 60 years old) is decreasing. Since people are living longer, this segment of the population is increasingly able and willing to move away.

  New immigrants with children, a college population and a smaller number of older people have contributed to lower the median age of the people living in the city from 33 to 31 years old. All these changes combined have also lead to an increase in household size from 2.19 to 2.25 persons per household.

  However, the long-run trend toward suburbanization goes on unabated. For people with a middle-class income starting new families or with young children, the preference is to move out of the city. This seems to be the preference for older people as well, moving to other states with warmer weather or to the suburbs to be near their close relatives.

  But the population increasing faster in the city is of those between 40 to 59 years old, the population born after World War II known as the "baby boomers". That population grew by 38 percent in the last ten years: a middle-age population with more than average income levels, already established, many of them with grown-up children in college, with other kind of social demands such as needs for culture and entertainment, travel, amenities and accommodations other than standard single-family housing.

  In the foreseeable future these demographic trends are expected to continue, albeit at a slower pace. "Baby boomers" will age and may move away, the next generation is smaller in size, and after September 2001, immigrants may face more legal restrictions to entering the country.

- The City is becoming a place for professionals, many of them with no children and high mobility. At the same time, a low-pay service sector fueled by recent immigrants is also developing, creating a two-tier social system.

  Despite a growing household size, the percentage of the population comprised of families declined from 48.3 percent in 1990 to 45.5 percent in 2000. Meanwhile, the percentage of individuals living alone increased from 38.5 percent in 1990 to 40.3 percent in 2000. Mobility and turnover tend to be high. In 2000, more than 57 percent of the population lived in a different house than in 1995. About 30 percent of those who moved came from other states within the US.

- In the last decade more people became homeowners, and increasing demand for housing pushed up housing values and prices.

  The proportion of the city's population that are renters declined from about 50 percent to 48.6 percent, and the annual overall vacancy rate reached its lowest point since 1990. Strong demand in the housing market was fueled by higher incomes and low interest rates. Following a national trend toward increasing housing values, median housing value after adjusting for inflation increased by 20 percent in the last decade, ahead of median household income, which only grew by 12 percent. Rents kept pace with income levels, rising by only 11.9 percent. Median sale housing prices grew spectacularly from 1990 to 2002: from $70,000 in 1989-90 to $160,000 per unit in 2001-2002. However, in spite of rising prices, for the greatest majority of householders, housing is still relatively affordable in Minneapolis in comparison to other cities in the country. But affordability may be an issue for 32 percent of renters who pay 35 percent or more of their income in rent. As economic conditions deteriorate, interest rates start climbing, and housing prices continue to increase, home ownership for many people may be out of reach, and renting may be the only alternative.

  Even with the changes taking place, Minneapolis housing is still mostly intended for single-families, with 45 percent of the total units being single-family detached dwellings. About 51 percent of the housing stock was built before World War II and is well preserved. Although there was an upsurge of construction in the last decade, a large proportion of it was and is devoted to remodeling, additions and renovation of the existing stock. Rehabilitation is particularly strong in high income neighborhoods, while new construction is taking place in relatively modest neighborhoods and downtown near the riverfront. New construction took place in these locations because demolitions for urban renewal projects made land available, and the riverfront with its proximity to downtown was attractive to baby boomers and young professionals with relatively high incomes.

- In the last decade a well-educated labor force has attracted knowledge-based industries that expanded rapidly and helped sustain other economic sectors as well.

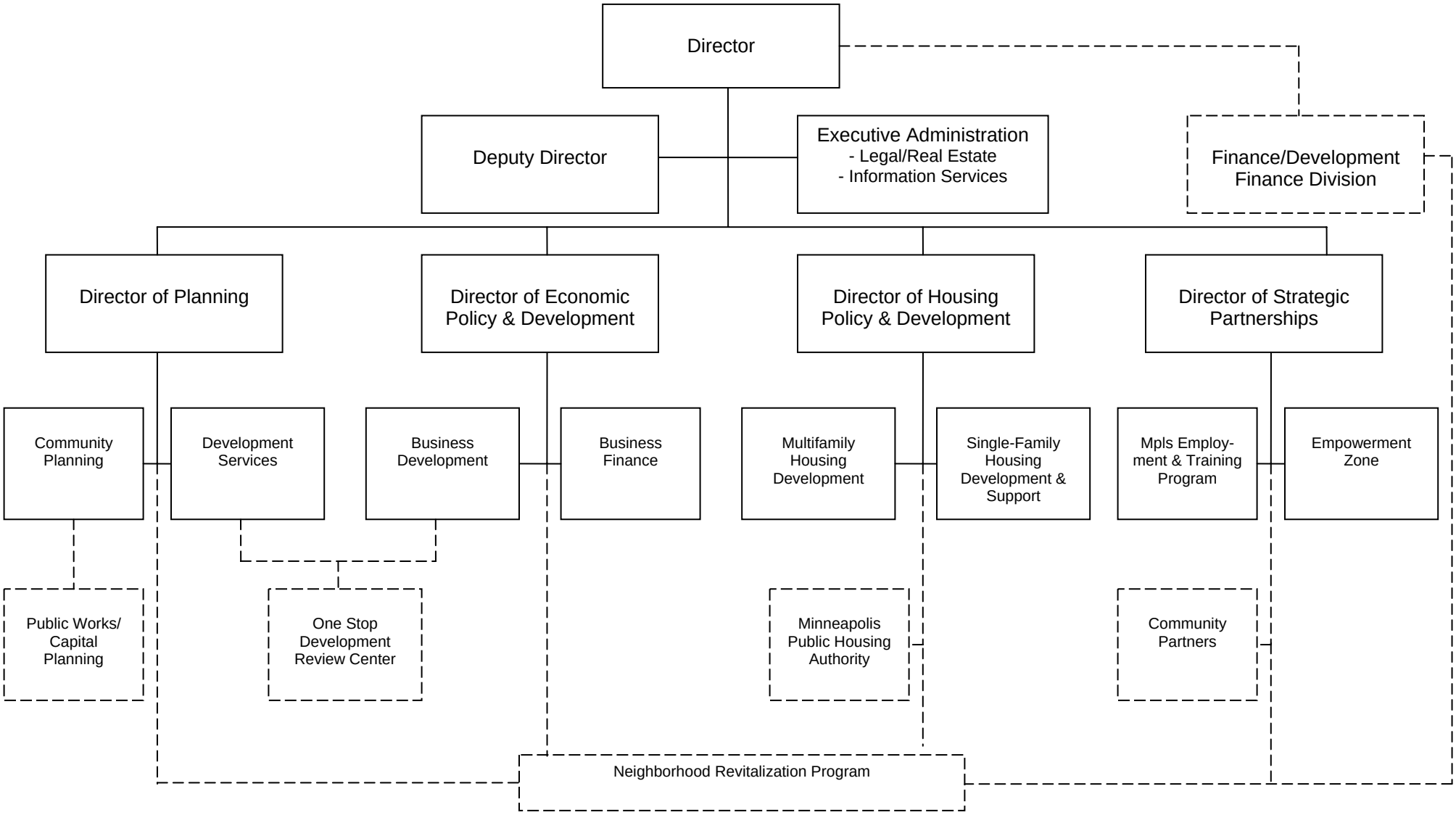
  More than 37 percent of the population 25 years old and over are college graduates and 85 percent hold high school degrees. So it is not a surprise that the fastest growing industries in the city in the last decade were information technology, arts, entertainment, accommodations, food services, and professional and managerial services. All are service sector activities of two kinds: knowledge based industries, such as information technology; and traditional service industries, such as food service and accommodations – mostly labor-intensive. The first group makes use of the supply of college graduates; the second group attracts immigrant labor and those with low skill levels.

  The result of the combination of these leading economic activities was that jobs were plenty; labor force participation increased to very high levels of 72 percent in 2000 compared with 69 percent in 1990, and the unemployment rate drop from almost 6.7 percent in 1990 to 5.8 percent in 2000. Median household income increased by 12 percent in real terms and income per capita increased by 14.3 percent. Median household income grew for the minority population sometimes even faster than for the white population in the city. For example, Native American and Asian households although starting from a very low base, increased their income by more than 50 percent

in the last 10 years. But all minorities still had much lower income than the majority of the population in 2000. For example, even when blacks increased their income levels, they still trailed behind the white population by $17,000. At the same time, poverty levels decreased from 18.5 percent for individuals below poverty level in 1990 to 16.9 percent in 2000.

The fall of the stock market in early 2001 hurt information and related sectors very badly and most of the jobs gained in the previous decade disappeared. One consequence was that office space vacancy rates went up because of overbuilding, hurting investors in commercial properties. At the end of 2003, economic activity is driven by housing and personal consumption nationwide. In Minneapolis, residential construction picked up and housing prices soared. Low interest rates are allowing people to borrow against mortgage equity and sustain the consumer market. Meanwhile, industries are starting to invest in equipment and software. The dollar's loss of value in the international market helps exports and recovery in competitive industries. And employment, which presented a mixed picture in the last two years with some firms hiring and others firing, will start expanding again.

Community Planning & Economic Development
Organization Chart March 2004



**Dotted lines indicate key on-going relationships with other departments and agencies.*

Section Two: Business Line Overview

This section describes for each Primary Business in turn its service activities; markets, customers and expectations; relationship to other departments' and agencies' businesses; and key performance measures.

Housing Policy & Development

Primary Business Line Definition and Description

CPED provides financing and administers programs for housing development, preservation and rehabilitation; provides financing for home improvement and home mortgages through a vendor contract; and encourages and supports private market activity in the production and preservation of housing for all income levels.

Service Activities

1. Provide financing and administer programs for the development and preservation of affordable and mixed-income rental and ownership housing.

   CPED administers a number of programs for the development and preservation of affordable and mixed-income rental and ownership housing. Funds are targeted to meet City housing priorities, including supportive/special needs, senior/elderly, large family, long-term/perpetual affordability, corridor/transit/density, and mixed-use. Preservation of currently affordable housing is a top priority for insuring continuing housing affordability in the city. In particular, CPED will focus on preserving federally subsidized affordable housing that may be subject to conversion to market rate due to expiring federal programs or prepayment of federal mortgages.

2. Develop and rehabilitate moderate and market rate single-family ownership housing.

   CPED administers programs to return vacant lots and vacant and/or boarded structures to the city's housing supply.

3. Create an environment that encourages and supports private market activity in the production and preservation of housing for all income levels.

   CPED will undertake initiatives to remove obstacles, promote growth and support private sector housing development efforts.

4. Provide financing for home improvement and home mortgages in cooperation with the Development Finance Division of the Finance Department.

   Through vendor contracts, CPED provides financing to Minneapolis homeowners who might not otherwise be financially able to carry out home improvements or code repairs. Staff support for this activity is provided by the Development Finance Division of the Finance Department.

CPED provides down payment and closing cost assistance to homebuyers within the Empowerment Zone. CPED also provides down payment, affordability and closing cost assistance through the HOW Program and the GMHC Home Ownership Program.

Mortgage financing is provided under agreements with private lenders. Mortgage lending has been temporarily suspended because the interest rates are not competitive with private sector rates, and because the investment yields on trustee accounts are too low, thereby increasing program operating costs. As markets change to produce more competitive mortgage rates, programs will be reactivated. Staff support for this activity is provided by the Development Finance Division of the Finance Department.

Identification of Markets, Customers and Their Expectations

Markets

The Metropolitan Council estimates that the number of households in Minneapolis will grow by 24,648 between 2000 and 2030. A significant number of new housing units must be produced to meet this need. The number of Minneapolis housing units declined by 2.4 percent between 1990 and 2000.

The 2000 Census indicates there are more people needing housing at <30 percent MMI than there is supply. It is estimated that Minneapolis needs to build an additional 11,500 units of housing for those at <30 percent MMI.

Indications are that the need to provide affordable housing continues to grow, as evidenced by the enormous competitive demand for CPED's multifamily financial resources.

Some market trends that are likely to affect CPED activities over the next five years include:

- Reduced federal, state, and county funding which will increase demand for City funding.
- Demographics indicate an aging population and declining senior housing opportunities in the City. The population between ages 45 and 64 increased by four percent between 1990 and 2000. There is a need to produce 1,500 units of senior housing.
- Possibly rising mortgage interest rates that will create larger funding gaps in projects.
- An older housing stock requires planning and proactive measures to maintain quality.

Customers

The primary customers for this business line are multifamily housing developers and development organizations who are applicants for our funding programs, and single family housing developers who are applicants for our properties. Other customers include the residents of the multifamily housing developments and the single-family homes.

Expectations

The primary expectation of the Housing business line is to provide a wide variety of housing types and housing affordability in Minneapolis to meet the needs of all citizens.

Some of the external and internal trends/factors that may impact our ability to meet demand are:

- Reduction in financial resources for developing and maintaining affordable housing at every level of government and on the private side (e.g. sponsors, foundations, businesses, etc).
- Federal lead paint requirements and increasing construction costs in general limit our production.

Housing staff receive constant feedback from customers and continually refines processes and procedures to provide better service. Satisfaction surveys are conducted on a regular basis as part of the Home Ownership Works program.

Fees

Fees from multifamily bond projects cover a good portion of the entire Multifamily staff administrative cost, plus may contribute to capital funding for the Affordable Housing Trust Fund. Tax credit fees (application fees, special counsel fees, reservation fees, and monitoring fees) are also charged, and cover admin costs to a certain degree. No fees are charged for single-family ownership development, except tax increment financing projects, which are charged an application fee and project analysis fee. The construction management staff believes it would be prudent to charge fees for re-inspections (that is when the developer/contractor requests a final payment but, when staff inspects the site, there are several punch list items that must be done resulting in additional inspections).

Relationship to Other Departments' and Agencies' Businesses

CPED often acts as the sole driver and coordinator for financing of development projects. CPED works with other funding providers to put together a complete funding package for developments. Other providers include the Minnesota Housing Finance Agency, the Department of Housing and Urban Development, the Federal Housing Administration, Hennepin County, the Family Housing Fund, the Federal Home Loan Bank, banks, foundations and the Neighborhood Revitalization Program. Other public and private entities that are affected by or affect housing development activities are Public Works, Regulatory Services and neighborhood organizations.

CPED is the only public sector entity that provides site acquisition and disposition services for housing initiatives, with the exception of some activity by Hennepin County. Although there are private sector entities that provide some of the services, only CPED provides comprehensive services, including acquisition, relocation, demolition, environmental and legal services, including condemnation and real estate transactional work. At times CPED contracts with private sector providers on development projects undertaken by CPED or other governmental jurisdictions. On numerous occasions CPED has provided site assembly services to other governmental entities, NRP and for-profit and non-profit developers. Examples include elementary school sites and implementation of NRP neighborhood action plans. Key functions provided by CPED that are essential to the Housing Policy & Development business line are real estate, relocation, appraisal, engineering and legal services. If CPED staff were not available to conduct this work, it would have to be outsourced at great expense since there is no other sole source provider.

The Housing Policy & Development business line has key relationships with the Minneapolis Public Housing Authority and the Metropolitan Council.

Key Performance Measures

Key Business Line Outcome Measures

- Number of new/conversion multifamily and single-family units completed
- Number of rehabilitated multifamily and single-family units completed
- Number of multifamily units to result from closed loans and construction starts
- Number of lots sold for single-family development

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Provide financing for the development and preservation of affordable and mixed-income rental and ownership housing.

    - Number of new/conversion multifamily units completed
    - Number of rehabilitated multifamily units completed
    - Number of affordable (<50%) multifamily housing units completed
    - Number of multifamily units to result from closed loans and construction starts

2. Develop and rehabilitate moderate and market rate single-family ownership housing.

    - Number of single-family units completed
    - Number of single-family units rehabilitated
    - Number of low/moderate income (<80%) single-family units completed

3. Create an environment that encourages and supports private market activity in the production and preservation of housing for all income levels.

    - Number of housing units produced (including those with CPED assistance)
    - Housing growth (units produced minus units demolished)
    - Minneapolis share of metropolitan region housing production

4. Provide financing for home improvement and home mortgages in cooperation with the Development Finance Division of the Finance Department.

    - Number of home improvement loans
    - Number of mortgage loans

Management Measures by Service Activity

The following performance measures will be monitored within CPED for management purposes.

4. Provide financing for home improvement and home mortgages in cooperation with the Development Finance Division of the Finance Department.

    - Percent of home improvement loans to minorities
    - Percent of home improvement loans to female heads of households

- Percent of home improvement loans to households <50% of median income
- Percent of mortgage loans to minorities
- Percent of mortgage loans to female heads of households
- Percent of mortgage loans to households <50% of median income

Key Market Indicators

- Number of housing units produced (including those with CPED assistance)
- Number of unassisted housing units produced
- Net housing growth (units produced minus units demolished)

Business Line Overview: Economic Policy & Development

Primary Business Line Definition and Description

The Economic Policy & Development line of business is focused on business retention, expansion, creation, and attraction—both downtown and in the neighborhoods. Through this line of business, CPED provides the financing, programmatic and real estate tools used with commercial, mixed-use and industrial development and expansion. To promote a healthy business climate, CPED assists with building necessary physical infrastructure, community amenities and cultural resources. This business line's work enhances the City's tax base, preserves and creates living wage job opportunities, assists with redeveloping blighted and contaminated areas, supports the provision of commercial services to City residents, and promotes Minneapolis as a world class business community. Economic development activities often involve installation or rehabilitation of infrastructure, environmental remediation, preservation of historic buildings and resources, long time frames, and complex partnerships. CPED provides quality technical assistance in its economic development activities and collaborates with the One Stop Development Review Center to reduce transactional time and costs.

Service Activities

1. Identify, pursue, and promote long-term catalytic redevelopment projects, priority initiatives, and economic development opportunities.

   Under the policy guidance of the City Council, CPED acts as the lead among multiple partners in the redevelopment of geographic areas of the city and in the implementation of economic development strategies. CPED works to create synergies among activities undertaken by disparate departments and agencies. CPED uses targeted market data to inform the planning documents that guide redevelopment activities. CPED advocates at the local, regional, state, and federal levels for the policies, laws, tools, and resources needed to be effective. CPED markets areas for development.

2. Build relationships with businesses.

   CPED advocates for business needs, promotes its services to the business community, and works to strengthen entrepreneurial networks. CPED fosters improved relationships between key business leaders and elected officials. CPED exchanges its knowledge of planning initiatives, market trends, and socioeconomic data with the business community to identify markets and anticipate market needs.

3. Provide sites and financing for neighborhood commercial, mixed-use and industrial development.

   CPED conducts site and facility searches, provides site assembly, and offers financial assistance for commercial, mixed-use and industrial development. As part of these activities, CPED provides technical assistance and helps reduce barriers to development.

4. Provide financing and technical assistance to for-profit and not-for-profit businesses.

   CPED uses a variety of funding tools, programs, and strategic partnerships to leverage private financing, or provide direct affordable financing, for business expansion projects that keep businesses in the city, increase the availability of neighborhood commercial services, preserve and improve commercial buildings, retain and create jobs, and support business start-ups. CPED provides technical assistance and guidance to businesses starting, expanding or relocating in Minneapolis.

5. Maintain and promote a vital downtown and central riverfront.

   CPED works to maintain downtown as the principal employment center of the region and helps to strengthen downtown retail and entertainment sectors. CPED owns and manages three downtown theaters and the Target Center. With its riverfront revitalization partners, CPED enhances riverfront recreational, entertainment, historic and cultural amenities and attractions. CPED assists with the development of a variety of downtown and riverfront housing opportunities for all income levels.

6. Manage real estate assets and contractual obligations.

   CPED manages real estate assets throughout the city, including downtown and community theaters, Target Center, and the Upper Harbor River Terminal. After project completion, CPED administers long-term, on-going aspects of redevelopment contracts and services loans.

Identification of Markets, Customers and Their Expectations

<u>Markets</u>

Regardless of whether the economy is strong or weak, demand for economic development services is robust. Several long-term projects have recently been completed (e.g., Milwaukee Depot, Grain Belt Brewery, Washburn Crosby, and Block E). Other initiatives such as the redevelopment of the former Sears building, SEMI, industrial land assembly, and Central Riverfront redevelopment continue. Efforts in commercial corridors and transit-oriented development are increasing. Business finance programs continue to be highly utilized and are being expanded through new partnerships to serve more businesses inside and outside Minneapolis. Revenue bond financing for medical facilities, nursing homes and nonprofit organizations continues at a high level of demand. Industrial development activity ebbs and flows with the economy.

Among the factors impacting demand are:

- Economic conditions
- Interest rates
- Demographics
- Public confidence in the City enterprise
- Public confidence in the community/business climate
- Infrastructure
- City requirements and transactional friction
- Activities of other units of government
- Conversion of industrial and/or commercial areas to residential use

Customers

The primary customers for this business line include:

- Citizens
- Developers (for profit and not-for-profit)
- Neighborhood groups
- Business owners
- Business associations
- Real Estate professionals
- Bankers/lenders
- City of Minneapolis Departments—such as Public Works and Park Board

Expectations

The Ad Hoc Advisory Group on MCDA Economic Development Program Implementation concluded in April 2003 that the Economic Development activities were appropriate and well-executed. The activities had resulted in improving the economic health of the City and had created living wage employment opportunities. Members of the ad hoc group indicated, however, that businesses navigating through the City's regulatory process experienced transactional friction (e.g. delays or lack of clarity concerning City requirements) and that there is a need for improvement in this process.

A pilot survey was distributed to 83 businesses throughout Minneapolis in the fall of 2003. The purpose of the survey was to gather information on the businesses and to solicit interest in CPED employment and business finance programs. Fourteen of the 20 respondents (or 17 percent of those receiving the survey) expressed interest in obtaining further information on employment and training programs, business finance programs, high school internships and federal and state employment tax credits. Nine of the respondents that expressed interest are located in the Minneapolis Empowerment Zone. Xcel Energy was a partner on the survey and collected information on businesses' familiarity with energy conservation programs.

Factors affecting the ability to meet demand include:

- Budget limitations and the impact on staffing levels and the ability to market/promote services
- City restructuring and realignment of services
- Reduction in external funding sources and financing tools
- Reduction in amount of industrial land in city

Fees

The Economic Policy & Development business line collects some fees. Revenue bond fees and other business loan program fees cover all of the Business Finance administrative expenses and contribute to the capital funding needs of the small business assistance programs.

Examples of other fees include application and project analysis fees paid by developers requesting tax increment financing or tax abatement assistance, and fees paid by MnDOT for land pass-through transactions. The Economic Policy & Development business line is examining other ways to increase fee revenue.

Relationship to Other Departments' and Agencies' Businesses

CPED's Economic Policy & Development business line is the only one in the City that is focused on business retention, expansion, creation and attraction. As such, CPED is the sole department that provides the financing, programmatic and real estate tools used with commercial, mixed-use and industrial development and expansion. Only CPED provides a full package of economic development services that include property acquisition and disposition, relocation, demolition, environmental cleanup, small business loans and legal services, including condemnation and real estate transactional work.

In conducting its work, CPED interacts with neighborhoods, numerous City departments, other governmental agencies and private sector parties. All of these partners are critical to CPED's success in this business line.

In implementing development activities, coordination with CPED's Community Planning and Development Services business lines is essential. Regulatory Services and Public Works also play critical roles in the development process. CPED's formalization of a market advocacy role and the department's participation in the development of the One Stop Development Review Center will help to improve the delivery of services. Coordination of work plans within and among departments, the development of integrated systems, and increased staff accountability are necessary to increase efficiency and effectiveness in the redevelopment process.

Financing support for projects comes from many sources. Hennepin County, the Metropolitan Council, the Department of Employment and Economic Development, and the Environmental Protection Agency are key partners in providing funding for environmental investigation and cleanup. Federal transportation funds continue to be important in the development of infrastructure in key areas. Private lenders are essential participants in development financing. Foundation grants and funding from NRP plans have also contributed to completing the financing on development projects.

In small business financing, key participants include: 1) private lending institutions through the provision of a portion of the financing; 2) NRP through various neighborhood small business loan programs; and 3) the Community Reinvestment Fund through real estate financing and the New Market Tax Credits Program. Regulatory Services has an important role in small business loans because the level of inspections has a direct impact on the project being financed. Along commercial corridors, small business financing often becomes part of the package put together in business development projects.

Because of its unique skill set and experience, CPED has provided site assembly services to other governmental entities, NRP, and for-profit and non-profit developers. Examples include City holding ponds, police stations, the Convention Center, the animal shelter, the Public Works maintenance facility, Humboldt Greenway and Hosmer Library.

Key Performance Measures

<u>Key Business Line Outcome Measures</u>

- Increase in property taxes due to economic development projects
- Number of businesses assisted by market advocates/case managers
- Number of new jobs projected by assisted projects

- Number of business loans
- Number of downtown/riverfront entertainment, cultural, recreational and educational amenities completed
- Number of downtown/riverfront housing units completed
- Contamination cleanup grants secured

Note: "Completed" means there has been a final construction, disbursement or a Certificate of Completion has been issued by CPED. "New jobs projected" means a developer's or business' estimate of the number of new jobs resulting from activity financed with CPED assistance. Estimates are not available for all completed projects. Job estimates include jobs resulting from all business development projects, including downtown, riverfront, and those covered by job linkage agreements.

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Identify, pursue and promote long-term catalytic redevelopment projects, priority initiatives and economic development opportunities.

    - Increase in property taxes due to economic development projects

2. Build relationships with businesses.

    - Number of businesses assisted by market advocates/case managers

3. Provide sites and financing for neighborhood commercial, mixed-use and industrial development.

    - Number of new jobs projected by assisted projects
    - Contamination cleanup grants secured

4. Provide financing and technical assistance to for-profit and not-for-profit businesses.

    - Number of business loans

5. Maintain and promote a vital downtown and central riverfront.

    - Number of downtown/riverfront entertainment, cultural, recreational and educational amenities completed
    - Number of downtown/riverfront housing units completed

6. Manage real estate assets and contractual obligations.

    - Number of assets managed
    - Number of contracts managed

Management Measures by Service Activity

The following performance measures will be monitored within CPED for management purposes.

1. Identify, pursue and promote long-term catalytic redevelopment projects, priority initiatives and economic development opportunities.

    - Key initiative performance
    - Key industrial sector performance
    - Ranking on City business and other surveys
    - Ranking on quality of life indices
    - Minneapolis share of regional economic activity (based on gross income)
    - Total number of employees in Minneapolis
    - Number of existing jobs
    - Total number of businesses
    - Number of city residents with jobs
    - City residents' share of regional jobs
    - Number of permits issued for commercial repairs/improvements
    - Value of permits issued for commercial repairs/improvements
    - Number of permits issued for new commercial construction
    - Value of permits issued for new commercial construction
    - Number of patrons of City-owned entertainment and sports venues
    - Number of GMCVA events/attendees

2. Build relationships with businesses.

    - Businesses assisted by market advocates/case managers
    - Number of top ten employers with City partner relationship
    - Number of top ten commercial taxpayers with City partner relationship
    - Number of top ten innovators with City partner relationship

3. Provide sites and financing for neighborhood commercial, mixed-use and industrial development.

    - Number of economic development projects under construction, completed or closed
    - Number of economic development projects completed (subset of above measure)
    - Increase in tax capacity equivalent to levy increase of: (at rate in year of completion)
    - Contamination cleanup grants secured
    - Number of new jobs projected

4. Provide financing and technical assistance to for-profit and not-for-profit businesses.

    - Number of business loans
    - Public/private investment ratio
    - Number of new jobs projected
    - Number of existing jobs

5. Maintain and promote a vital downtown and central riverfront.

    - Number of downtown/riverfront entertainment, cultural, recreational and educational amenities completed

- Number of downtown/riverfront housing units completed
- Number of patrons of City-owned entertainment and sports venues
- Number of job-producing downtown developments completed
- Number of hotel rooms added
- Number of historic riverfront structures preserved
- Net increase in office square feet (downtown and riverfront)
- Net increase in retail square feet (downtown and riverfront)
- Number of GMCVA events/attendees

6. Manage real estate assets and contractual obligations.

- Number of assets managed
- Number of contracts managed

Key Market Indicators

- Change in overall city property taxes collected
- Change in overall jobs in city
- Value of permits issued for new commercial construction
- Ranking on quality of life indicators

Business Line Overview: Community Planning

Primary Business Line Definition and Description

CPED engages the community in planning processes and development, conducts research and analysis on trends affecting City policy and development, and refines and implements the City's comprehensive plan.

Service Activities

1. Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to encourage participation in City processes.

   CPED is responsible for preparing, implementing and refining the City's comprehensive plan. This is accomplished through interaction with various groups and organizations. CPED provides guidance, assistance, technical support, research and plan preparation.

2. Conduct research and analysis on trends affecting City policy and development.

   CPED supports and promotes the goals identified in The Minneapolis Plan. Through the collection of data regarding population, residential and commercial construction, and other socioeconomic factors, policy makers are provided with the necessary information to make informed policy decisions in the areas of housing (including affordable housing) and economic development.

3. Coordinate City-sponsored arts and cultural activities and serve as a liaison between private cultural efforts and City services.

   CPED coordinates the City's public art program, film permits for commercial and independent film and television projects, and the development of the 10-year Minneapolis Plan for Arts and Culture. CPED supports the advisory efforts of the Minneapolis Arts Commission.

Identification of Markets, Customers and Their Expectations

<u>Market</u>

The demand for this business line has been increasing. The evidence has been an increase in the number of requests for planning reports from Council Members; increased communications from neighborhood organizations regarding neighborhood and small area plans.

The external and internal trends/factors that will impact customer demand over the next five years include:

The NRP reduction in available funds will likely lead to neighborhoods relying more heavily on the Planning staff to assist with neighborhood planning efforts. Lack of resources citywide will reduce the number of projects that can be handled (listed as priority) in any given year, due to lack of staff.

External or internal trends or factors that are likely to impact abilities to meet projected customer demand are lack of funds for adequate staffing. This in turn will result in a limited number of major planning studies that can be accepted and produced in any year.

Customers

The primary customers for this business line include:

- Neighborhood Organizations
- Business Organizations
- Citizens
- Mayor
- City Council
- City Departments

Expectations

To date, there have been no efforts to measure customer expectations and level of satisfaction. A survey instrument will be developed to measure the participants in planning processes to determine the effectiveness and participation of these efforts. The information collected will be used to further refine planning processes in the future. The workload expectation of the Community Planning staff is an issue that needs to be addressed on a continuing basis; the number of plans, the amount of information, and the number of special studies that can be implemented in one year is limited by the size of the staff. Council Members, neighborhood organizations, and other CPED staff must continue to be made aware of these limitations.

Fees

This business line does not collect fees.

Relationship to Other Departments' and Agencies' Businesses

Coordination with and knowledge of all City departments' activities is essential to maintain and further a cohesive vision for the City through its comprehensive planning activities. This coordination is necessary to guide the proper implementation of the City's stated goals and priorities in a synchronized and timely manner.

Community Planning activities are intertwined with other CPED business lines. CPED has taken steps to ensure Community Planning's "up front" involvement in housing and economic development projects, to facilitate early identification of planning issues. Generally, the role of community planners in the development process is to ensure compatibility with City goals and the comprehensive plan. Planners participate in the preparation of Requests for Proposals and in the review of development proposals. Planners help draft sections of reports to the City Council regarding development projects; specifically, planners review descriptions of zoning and comprehensive plan issues. When projects progress to review by Development Services, community planners provide project background information to Development Services staff.

Community Planning also involves participation by individuals, neighborhood and business organizations, through small area planning processes. The Neighborhood Revitalization

Program is a source of information regarding specific neighborhood issues, which Community Planners take into account when addressing the larger area-wide and citywide issues in planning processes.

Community Planning assists in the coordination of the CLIC process, reviewing capital projects for the City. As projects are chosen for implementation, Community Planners are responsible for determining compatibility with the comprehensive plan. In this way, all City departments proposing capital funding, the School Board, Library Board and Park Board are involved and integrated into this review. Coordination with the School, Library and Park boards could be enhanced through a more consistent level of dialogue and collaboration on planning and land issues.

Building permit information from Regulatory Services is used by Community Planners to track development levels, types, and locations in the City. This information along with data from the City Assessor's office and other sources is used in identifying trends within the City. The integration of data within the City is not efficient at this time, and involves numerous machinations to make the data useable by the Community Planners. CPED is participating in a data integration effort as part of the development workflow management project.

Community Planning is also a user of the City's GIS services for planning studies and analyses. This system is also not fully integrated for all users, with lack of resources for training and equipment hindering the ability of planners to do their jobs in the most effective manner.

Key Performance Measures

Key Business Line Outcome Measures

- Percentage of neighborhood plans approved by City Council
- Number of City plans/policies amended/drafted as a result of research studies
- Percentage of residents involved in planning process who are confident that their input will become part of the City's decision-making process
- Number of arts/film activities completed as identified in the plan for arts and culture

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to encourage participation in City processes.

    - Percentage of small area plans approved by City Council
    - Percentage of residents involved in planning processes who are confident that their input will become part of the City's decision-making process

2. Conduct research and analysis on trends affecting City policy and development.

    - Number of City policies amended/drafted as a result of research studies

3. Coordinate activities of the Arts Commission and oversee film activities within the city.

- Number of film permits issued

Management Measures by Service Activity

The following performance measures will be monitored within CPED for management purposes.

1. Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to encourage participation in City processes.

   - Number of neighborhood plans completed
   - Number of plans approved by neighborhoods

2. Conduct research and analysis on trends affecting City policy and development.

   - Number of research studies on specific policy issues

3. Coordinate activities of the Arts Commission and oversee film activities within the city.

   - Number of film permits issued
   - Number of public art acquisitions

Business Line Overview: Development Services

Primary Business Line Definition and Description

CPED administers and interprets the zoning code, land subdivision regulations and heritage preservation regulations, and reviews applications for approvals as required by city ordinance and state law.

Service Activities

1. Administer and interpret the zoning code and land subdivision regulations.

   Development Services zoning staff consult with clients on a daily basis, helping customers at the counter or in scheduled meetings, reviewing building permits and all business license applications for zoning code compliance, and answering phone inquiries.

2. Review and prepare findings and recommendations on applications for approvals as required by the zoning code, land subdivision regulations and state law.

   Development Services staff provide analysis and recommendations on land use applications through written reports to the City Planning Commission, the Board of Adjustment and the City Council that insure that development proposals conform with the comprehensive plan, the zoning code, subdivision regulations, and other relevant City ordinances and policies.

3. Administer and interpret the City's heritage preservation regulations.

   Heritage Preservation Commission staff are responsible for the identification of historic resources, designation of historic landmarks and historic districts, review of applications for required approvals, participation in 106 reviews, implementation of heritage preservation regulations, and education and outreach.

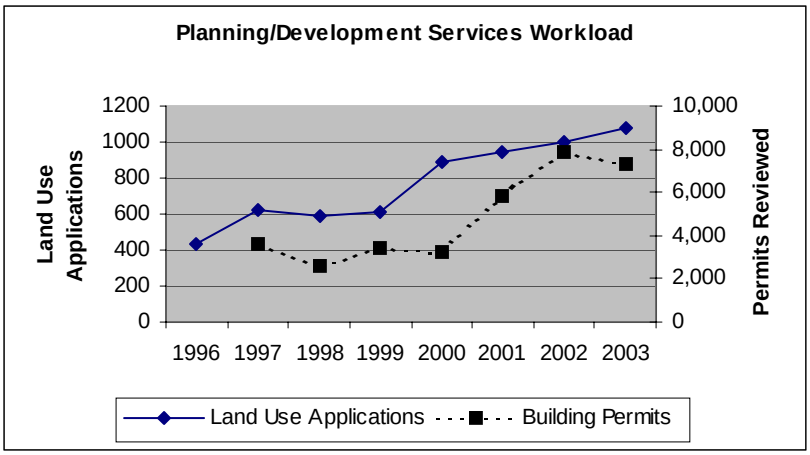
4. Prepare and recommend to the City Council amendments to the City's land use regulations.

   Development Services staff prepare and recommend amendments to the City's land use regulations.

Identification of Markets, Customers and Their Expectations

<u>Markets</u>

The demand within Development Services has increased over the last eight years, as the following graph illustrates:



These are the number of applications that have had public hearings before the Planning Commission, Board of Adjustment and Zoning and Planning Committee. In addition, Zoning staff review building permits. In 2001 they reviewed 5,849; in 2002 the volume increased to 7,905; and in 2003, 7,326 permit applications were reviewed.

Factors affecting customer demand include:

- Economic conditions and interest rates (good economic conditions spur more development reviews)
- New codes or revisions to existing codes (changes to the code may require more reviews of development)
- Increase in fees (may slow demand)

Factors that impact the ability to meet projected customer demand include:

- New codes or revisions to existing codes (changes to codes may require more reviews of development)
- Budget cuts resulting in a staff decrease (fewer staff may cause delays in completing the workload)
- Restructuring of City departments and realignment of services (in the short term, restructuring may cause delays as staff is learning the new system, but in the long term it should increase productivity)
- Political environment (may cause some delays as staff is realigned to implement policy changes)
- Technology changes (in the short term new technology may cause delays as staff is learning the new systems, but in the long run it should increase productivity)
- Language barriers and culture changes (requires additional staff resources to meet special needs)

<u>Customers</u>

The primary customers for this business line include:

- Applicants
- Developers

- Architects
- Land Surveyors
- Contractors
- Citizens
- Attorneys
- Business Owners
- Neighborhood Groups
- Elected Officials
- City of Minneapolis Depts. (PW, Fire, Police, Inspections, Attorney)
- Hennepin County
- State Agencies
- School District
- Park Board
- Library Board

Expectations

Zoning and Planning uses customer cards to solicit feedback regarding how well expectations are met. Individual planners request developer feedback, but responses have been infrequent. An initiative will be undertaken to acquire developer feedback through surveys.

Fees

All land use applications require a fee before they can be processed. The average fees currently do not cover Development Services costs. An amendment to the zoning code has been adopted to establish new zoning application fees and to adjust current land use application fees in recognition of the cost of services performed and the work and material furnished by the department. Recent changes include:

- initiate fee for zoning compliance letters
- increase zoning fees by 20 percent
- initiate garage review fees

These increases will collectively add approximately $120,000 of annual revenue, increasing the percentage of costs supported by fees. An interdepartmental staff team is reviewing all development costs and fees, which may result in additional increases to the Planning Division's fee income.

Relationship to Other Departments' and Agencies' Businesses

The Development Services division of CPED is charged with administering the city's zoning code, land subdivision regulations and heritage preservation ordinance. Development Services also is charged with preparing and recommending amendments to the city's land use regulations. Other departments, including public works, licensing, fire and regulatory services may participate in various aspects of land use reviews.

Development Services interacts with other departments through preliminary plan review of land use applications conducted weekly. In addition, other departments are involved as needed to address specific aspects of a land use application. For example, public works will comment directly on an application that involves the creation of a curb cut or a requested street or alley

vacation. Fire will comment on a land use application that raises concerns about emergency vehicle/personnel access.

Public works has a direct impact on the timing and quality of review of development proposals and land use applications. Similarly, regulatory services is directly impacted by the business line as the issuance of building permits and licenses is dependent upon development services review and approval.

Quality customer service, automated and live phone banks to receive incoming customer calls and trained staff resources commensurate with workload are essential to this business line. Preliminary plan review and other interdepartmental cooperation are essential and should be strengthened to improve the timeliness and quality of customer service. If the business line were discontinued, the city would no longer effectively regulate land use and development through its official controls of zoning, land subdivision and heritage preservation.

Ideally, Development Services is an essential and guiding force to implementing the policies of the comprehensive plan through its land use regulations by encouraging quality development within the City. In that light, Development Services is essential to most businesses within the City.

Key Performance Measures

Key Business Line Outcome Measures

- Proportion of land use applications approved within state-mandated timeframes
- Reduction in number of “live” telephone calls to staff through use of the IVR and referral to the Zoning web site
- Number of Heritage Preservation Commission applications reviewed
- Number of zoning code text amendments adopted as a result of policy changes

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Administer and interpret the zoning code and land subdivision regulations.

   - Number of clients assisted at service counter (One Stop Development Review Center)
   - Number of building permits reviewed at service counter (One Stop Development Review Center)

2. Review and prepare findings and recommendations on applications for approvals as required by the zoning code, land subdivision regulations and state law.

   - Number of clients assisted at service counter (One Stop Development Review Center)
   - Number of land use applications reviewed

3. Administer and interpret the City's heritage preservation regulations.

   - Number of Heritage Preservation Commission applications reviewed

4. Prepare and recommend to the City Council amendments to the City's land use regulations.

    - Number of amendments adopted

<u>Management Measures by Service Activity</u>

The following performance measures will be monitored within CPED for management purposes.

1. Administer and interpret the zoning code and land subdivision regulations.

    - Number of telephone calls answered
        - Number of telephone referrals to Zoning web site
        - Number of Zoning web site hits
        - Number of IVR calls received
    - Number of client appointments

2. Review and prepare findings and recommendations on applications for approvals as required by the zoning code, land subdivision regulations and state law.

    - Number of telephone calls answered
    - Number of client appointments
    - Percent of applications completed within state-mandated timeframes

3. Administer and interpret the City's heritage preservation regulations.

    - Number of telephone calls answered
    - Number of client appointments
    - Number of properties designated for historic preservation
    - Number of historic resources identified
    - Number of demolition permits reviewed

4. Prepare and recommend to the City Council amendments to the City's land use regulations.

    - Number of amendments reviewed

Business Line Overview: Workforce Development

Primary Business Line Definition and Description

CPED manages a system that assists residents in obtaining economic self-sufficiency through employment and training while meeting local employer needs for qualified workers.

Service Activities

1. Manage the Minneapolis Employment Training Program (METP).

   METP is a performance-based system that prepares Minneapolis residents for economic opportunity. It operates through 27 community organizations paid by METP based on placements. In 2003, cost per placement was about $2,200.

   Funded largely by state and federal grants, METP manages training, placement and retention across several program areas, including adult employment, welfare-to-work, dislocated workers and youth employment. METP is overseen by the Minneapolis Private Industry Workforce Council.

2. Develop employment partnerships with emerging enterprises.

   CPED will enter into employment partnership agreements with: 1) Ryan Companies for a pre-apprenticeship program at the former Sears property on Lake Street; and 2) the Neighborhood Development Corporation for the Entrepreneurial Center on Lake Street in conjunction with the Pilot Cities initiative.

3. Promote living wage job creation and retention through job linkage agreements.

   The City's Living Wage ordinance, which requires that recipients of City development assistance provide living wage jobs (one job for every $25,000 in assistance), ensures living wage job opportunities for Minneapolis residents. Review and monitoring of 58 job linkage agreements with Minneapolis businesses will provide new living wage jobs and also help close the unemployment gap. This regulatory function will be managed with CPED's emerging market advocacy function to ensure that employer efforts extend where possible beyond requirements of law.

4. Develop marketing and service programs that help businesses hire and retain Minneapolis residents.

   CPED will coordinate its activities with City regulatory services and neighborhood employers to develop a "tool box" of services and programs to help businesses stay and prosper in Minneapolis.

Identification of Markets, Customers and Their Expectations

Markets

As of 2003, unemployment has leveled off at 5.7% and, after two years of stagnation, the demand for workers is increasing in several industries (health care, mortgage services). While a clear trend has not emerged, we're preparing for a possible expansion and stand ready to adjust our system to economic conditions.

METP can place more people than it can fund in present economic conditions, so program expansion first requires more funding.

Customers

Customers include job seekers (TANF recipients, dislocated workers, unemployed and underemployed adults and youth) and employers, particularly human resource executives.

Expectations

Customers measure expectations through effectiveness measured by placement and retention rates compared to cost.

Fees

Should the economy cause a workforce shortage and METP reach a level of market appeal, this should be examined. Neither is present in the status quo.

Relationship to Other Departments' and Agencies' Businesses

METP is the administrative, fiscal and program staff of the Minneapolis Private Industry Workforce Council. It contracts with a network of employment service providers to deliver employment and training services while retaining broad responsibility for the planning, policy and oversight of the workforce development system in Minneapolis. METP has a performance-based contracting arrangement with community based organizations to provide employment and training services in the city. Neighborhood groups rely on METP for funding employment and training services to individuals in their service areas. Private businesses benefit by having access to skilled and trained employees to fill their job openings. City departments such as Public Works and Human Resources benefit by partnering with METP to place participants in internships, job openings and other opportunities with the City.

METP administers programs that serve low-income adults, youth and older workers, laid off workers, and those transitioning from welfare to work. If these functions were discontinued, the services to these unemployed/underemployed job seekers would be adversely affected. Also, the City of Minneapolis would lose the ability to control workforce development funding and would lose the ability to support the City's economic development strategies.

The Minneapolis Living Wage Resolution is unique and currently available only through CPED. It is our local option for implementing the 1999-2000 Minnesota Business Subsidy state legislation. Our job linkage agreements and business subsidy agreements are designed to meet the needs of particular business development projects and involve direct connections with

private businesses, neighborhood job networks and the Minnesota Department of Employment and Economic Development.

Key Performance Measures

Key Business Line Outcome Measures

- Gap in city versus metro unemployment rate
- Number served
- Number placed

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Manage the Minneapolis Employment Training Program.

   - Unemployment rate for city residents
   - Gap in city vs. metropolitan region unemployment rate

2. Develop employment partnerships with emerging enterprises.

   - Number of agreements

3. Promote living wage job creation and retention through job linkage agreements.

   - Number of new hires from job linkage agreements (living wage jobs)

4. Develop marketing and service programs that help businesses hire and retain Minneapolis residents.

   - Number of businesses visited

Management Measures by Service Activity

The following performance measures will be monitored within CPED for management purposes.

1. Manage the Minneapolis Employment Training Program.

   - Number of placements
   - Retention rate (after 90, 183 and 365 days)
   - Cost per placement
   - Average wage of placement

2. Develop employment partnerships with emerging enterprises.

3. Promote living wage job creation and retention through job linkage agreements.

4. Develop marketing and service programs that help businesses hire and retain Minneapolis residents.

Business Line Overview: Partnerships

Primary Business Line Definition and Description

CPED establishes and supports partnerships which advance the City's community development goals.

Service Activities

1. Ensure that the city's highest priority corridors are improved through partnerships supported by CPED.

   The Partnerships function within CPED was established to expand a proven method of investing in communities and to address the decline in City development resources. This decline requires more effective management of philanthropic and private investments with City resources. The Partnerships function of CPED provides staff support to partnerships of investors that provide this management capacity.

   CPED will provide staff support to investor partnerships which directly address community development along the City's four highest-priority commercial corridors: Lake Street, Franklin Avenue, West Broadway and Central Avenue.

2. Organize City response to industry opportunities.

   The CPED Partnerships function will staff new and emerging partnerships with an industrial focus. The Minneapolis Lifesciences Consortium will be launched by CPED in 2004 to support a development agenda for the growing medical research industry along Chicago Avenue.

3. Develop partnerships with other public entities.

   In seeking to effectively manage public resources, CPED will build partnerships with other governmental organizations to better deliver:

   - research support – demographics, economic trends, workforce data;
   - a City/University of Minnesota development agenda;
   - an Empowerment Zone agenda based on key indicators; and
   - other intergovernmental partnerships identified by the City's office of Intergovernmental Relations.

4. Provide technical and financial support to neighborhood organizations and the Neighborhood Revitalization Program.

   CPED citizen participation activities increase involvement in neighborhood organizations to help communities address housing and economic development issues. As part of the administrative support provided to the Neighborhood Revitalization Program, CPED administers inter-jurisdictional contracts for implementation of NRP activities.

Identification of Markets, Customers and Their Expectations

Markets

The primary market for the Partnerships function, as presently defined by the City's resource environment, is social investment. Social investment is defined as public, non-profit, and private investments that aim to produce a social good directly related to a City community development objective.

Customers

- Current and future residents of the City
- Investors in the City (public, private, non-profit)
- New and emerging industries

Expectations

This function is created in response to the McKinsey critique, the Focus Minneapolis resolution, and the need to organize and focus investment in the City across sectors. It creates a discipline around a method proven to get results. This discipline includes:

- Organizing a partnership across sectors
- Establishing clear and measurable outcomes
- Developing a work plan across member organizations
- Evaluating tasks completed against outcomes

CPED will play the role of start-up staff for new Partnerships. It will work with existing partnerships to define a role which promotes city goals served by those partnerships.

Relationship to Other Departments' and Agencies' Businesses

The CPED Office of Partnerships will reach out to external partners and will coordinate other City departments' participation in such partnerships. The Partnerships function will identify and engage appropriate internal partners before approaching any external partner with a partnership concept. It is understood that all City departments engage in partnerships and that the Office of Partnerships exists only to draw major investors to partnerships for a special purpose identified by the City.

Key Performance Measures

Key Business Line Outcome Measures

- Launch or strengthen partnerships around West Broadway, Lake Street, Franklin Avenue and Central Avenue
- Reduce crime below city average in Empowerment Zone
- Two new research labs in Lifesciences Corridor

Policy Measures by Service Activity

The following performance measures will be reported to the City Council and Mayor to inform policy decisions.

1. Ensure that the city's highest priority corridors are improved through partnerships supported by CPED.

   West Broadway (Northside Partnership)

   - 200 additional placements out of current jobs programs
   - $7 million housing rehabilitation fund established
   - Identify and prepare at least 10 opportunity properties for redevelopment

   Lake Street, 35W to Hiawatha (Phillips Partnership)

   - 10 percent decline in Type I crimes in 55407 zip code
   - Continued increase in property values beyond city average
   - Continued increase in number of residents employed in Phillips neighborhood institutions

   East Franklin Avenue (Faith in the City)

   - Keep Franklin Avenue Library open
   - Increase number of earned income tax filers in 55404 and 55407 zip codes by 100

2. Organize City response to industry opportunities.

   - Develop medical conferencing facility in Lifesciences Corridor
   - Number of lab expansions or start-ups
   - Create Lifesciences Capital Fund

3. Develop partnerships with other public entities.

   - Development of key indicators to drive the CPED budget in 2004
   - Identification of joint City-University development activity to occur

4. Provide technical and financial support to neighborhood organizations and the Neighborhood Revitalization Program.

   - Number of neighborhood organizations assisted
   - Amount of financial assistance to neighborhood organizations

Section Three: Business Line Strategies

This section describes the key initiatives and other models of providing service at the department level and for each Primary Business. "Key initiatives" are major strategies that CPED anticipates undertaking in the next five years; they are not a comprehensive listing of all activities carried out by CPED.

Department Level

Key Initiatives

Completion of Focus Minneapolis Initiative

The September 2002 Focus Minneapolis resolution set the broad policy framework within which the new Department of Community Planning & Economic Development was created. In 2003, a number of steps were taken to establish the new department as a fully functioning entity:

- policy decisions were made about which existing city departments or functions should be included in the new department;
- the enabling legislation and the implementing ordinance were passed;
- a new management team was assembled;
- most support service functions of the former MCDA were moved to their respective central departments (Communications, Finance, HR, IT)
- the first consolidated CPED budget and business plan was prepared;
- staff from METP and EZ were moved to the Crown Roller Mill to be near former MCDA project staff; and
- the transfer of financial assets, obligations and programs from MCDA to the City was completed.

The next steps, which have already begun, are to align the newly integrated resources of this department with one another and with citywide priorities in order to achieve the development-related service improvements which the Focus Minneapolis process was intended to produce.

In 2004:

- there will be more consciously targeted uses of limited development resources and greater efforts to align project activity with policy priorities;

- regulatory functions of Planning will be more closely coordinated with those of Regulatory Services and other City departments as part of the One Stop Development Review Center initiative;

- there will be improved alignment with Public Works on transportation planning and overall long-range capital planning

- there will be strengthened partnerships with public and private entities outside of city government;

- there will be increased attention to private market trends and support of private market efforts to grow jobs and build housing;
- there will be a clearer relationship among the City, NRP, neighborhood groups, and residents about roles, responsibilities, and resources around citizen access and participation in various City processes, and City support of that participation; and
- the department will develop greater financial transparency and greater discipline in reporting outcomes related to dedicated resources.

Other initiatives are defined in the following sections organized by individual business lines.

Assessment of Other Models of Providing Service

The creation of CPED is itself a new model of providing the collection of services previously provided by four separate departments. As noted elsewhere in this plan, the department is still actively engaged in creating the new model. McKinsey, the original consultant that issued the 2002 report that described much of the policy rationale for creating CPED, has offered to do what they call a “10,000 mile check-up” on the new model, which is anticipated to occur in the first quarter of 2004.

Business Line Strategies: Housing Policy & Development

Key Initiatives

Affordable Housing Trust Fund

Affordable housing remains CPED's highest housing priority. The Affordable Housing Trust Fund (AHTF) will again be funded in 2004 at $10+ million, the same level as 2003 funding. Funding sources are a combination of federal funds (CDBG, HOME, ESG and EZ) and NRP funds and/or other local funds (Hilton Legacy funds, bond fees and/or levy). Within the AHTF, CPED will implement a new "Seed Money" initiative in 2004 to fund three concepts:

- Capitalization of new public housing units in non-concentrated areas using 100 units of MPHA ACC authority currently available.
- Matching funds for rental developments with funding commitments from faith-based organizations.
- Matching funds for rental developments with funding commitments from Xcel, Minnegasco or other similar entity (including material suppliers) for energy-efficient and/or sustainable building construction.

Pursuant to the City's Senior Housing Policy, elderly housing continues to be a priority under the AHTF and CPED continues to partner with MPHA to seek development opportunities for senior rental housing. Use of essential function bonds and other financing tools will be considered for such development.

Limited Equity Coop Pilot Program

A new program for gap financing for limited equity (ownership) cooperative development is being drafted at this time. The funds would be available for projects such as the following:

- Leasehold coops converting to limited equity coops as a result of expiring tax credits. (Funds would be used for rehabilitation and preservation. The project would remain affordable at similar levels.)
- Affordable and mixed income family housing.
- Affordable and mixed income senior housing.

Eligible projects would include preservation and production projects containing 10+ units and conforming to the city's affordable housing policy. The limited equity cooperative structure provides a mechanism for perpetual affordability. Buyers are able to accumulate (limited) equity over time.

Program guidelines and criteria will be forwarded to the Council/Board in the next several months for implementation in 2004.

The proposed source of funds is a combination of bond fees and levy funds of $1,000,000. This is a one-time source of funds; if the city were to make this an ongoing program, other funding sources would need to be identified.

Heritage Park Finance Plan

CPED will develop a finance plan and secure funding sources to ensure that Heritage Park meets its construction deadline as described in the Federal Court order. The Heritage Park finance plan has financing gaps that need to be eliminated. Together with our project partners, CPED will work to identify firm funding sources to complete the finance plan by early 2004. CPED will also work to ensure solid project management for its portion of the remainder of the project. A priority for 2004 will be to move the Phase I and II ownership housing development forward.

Higher Density Corridor Housing Initiative

CPED will pursue acquisition of sites for multifamily housing development on community, commercial and transit corridors as defined in The Minneapolis Plan. A Request for Proposals will be issued. The proposed funding source is $1 million in Community Development Block Grant funds.

Perpetual Affordable Pilot Project

CPED will invest in housing projects that will ensure long-term affordability for families at <50% of MMI. A Request for Proposals will be issued. The proposed funding source is $500,000 from the Leveraged Opportunity Fund.

Northside Partnership

CPED will establish a Northside Partnership to:

- increase homeownership among under-served populations
- preserve existing housing stock (e.g. Rehabilitation Loan Assistance Project)
- increase housing choices in the community (gap financing – affordable and market rate)

The proposed funding source is $1 million from the Leveraged Opportunity Fund.

Additional aspects of this initiative are described under the Workforce Development and Partnerships business lines.

Market Advocacy

CPED will seek to increase private housing investment in the city of Minneapolis by working strategically with developers, housing partners, and stakeholders.

Assessment of Other Models of Providing Service

- The provision of home mortgages and home improvement loans was substantially outsourced in 2003.

- Property management of vacant lots was outsourced in 2003.

Business Line Strategies: Economic Policy & Development

CPED will leverage its newly integrated resources and those of outside partners to effectively guide and develop high-priority project areas such as downtown, designated corridors and sites adjacent to the new LRT line.

The department will collaborate with Regulatory Services on implementing a small business strategy that will include process improvements in the One Stop Development Review Center, strengthening communications with the small business community, and reducing transactional time and costs.

Finally, as in the housing area, the department will seek ways to better understand private market trends (via more timely information collected internally and externally) and will offer increased support of private efforts to grow and maintain jobs in the city. Building on the ad hoc process of the past year, a Council of Economic Advisors has been formed to advise the department on market trends. A pilot survey was distributed to 83 businesses throughout Minneapolis in the fall of 2003. Developed by staff from CPED's divisions of Economic Policy & Development, Planning, and Strategic Partnerships, this survey solicited information on job training, financial and regulatory needs of commercial, retail and industrial businesses throughout Minneapolis. Representatives from the Minneapolis business community met with CPED staff to provide input prior to distribution of the survey.

Key Initiatives

- Provide project management and market advocacy to businesses, regardless of their need for public assistance.
- Focus on business expansion and retention – work with businesses that want to locate in Minneapolis or expand in the city; market CPED services through trade associations; ensure that businesses are aware of the financing tools available through CPED.
- Fund and develop working relationships with neighborhood business associations, with an emphasis on CPED's market advocacy service activity.
- Integrate business finance with job development.
- Implement Targeted Commercial Corridor Initiative for small businesses.
- Partner to expand small business finance role outside of Minneapolis.
- Participate in redevelopment along LRT line (e.g., Lake Street and 46th Street)
- Determine long term strategy for City-owned assets (e.g., theaters, Target Center and River Terminal).
- Create a riverfront development corporation that will participate in and actively promote development in the upper and central riverfronts.
- Develop strategy for redevelopment of industrial areas (e.g., Bassett Creek Valley).

<u>Market Advocacy</u>

CPED will work with firms seeking project management assistance (and not public subsidy) in navigating the planning, zoning and regulatory processes.

<u>Expand Small Business Loan Programs</u>

CPED will expand small business loan programs, including the 2% Commercial Loan Program, through the Targeted Community Corridors Initiative. CPED will offer expanded small business

assistance to firms that need financing for renovations, leasehold improvements and equipment in amounts larger than the current 2% program guidelines. In addition, the Common Bond Fund is being expanded for firms that are not located in the City of Minneapolis, but could utilize the tools that the Common Bond Fund provides. This activity will generate additional fee income.

Create Riverfront Development Corporation

CPED will create a Riverfront Development Corporation to guide activities in the Central and Upper Riverfront. This will ensure better coordination among all organizations whose missions include the Mississippi River. The Corporation will develop a long-term funding plan to guide riverfront development.

Determine City Role in Theater Operation

CPED will determine the long-term City role in the operations of City-owned theaters, to achieve clarity about the role and management of the theaters.

Assessment of Other Models of Providing Service

Collaborate with Regulatory Services on One Stop Development Review Center

The regulatory functions of Planning will be more closely coordinated with those of Regulatory Services and other City departments as part of the One Stop Development Review Center initiative. Preliminary steps have already been taken to raise awareness of the One Stop Development Review Center and continuing efforts are underway to more closely coordinate the various regulatory and licensing functions across City departments. The One Stop Development Review Center can help to create an environment that encourages and supports private market activity by removing obstacles.

The following are suggestions that have been mentioned but not fully discussed:

- Provide more tools and information to staff (e.g., access to Lexis-Nexis, Claritas, GIS).
- Explore the creation of industrial overlays and/or industrial preservation districts.
- Utilize technology more effectively (e.g., business tracking system for contact follow-through).
- Explore technology transfer.
- Combine some/all economic development functions with Hennepin County.
- Explore different organization of staff (e.g., functional area, geographic area, combination of economic development and housing project development staff).
- Work exclusively on prioritized list of projects.
- Proactively educate community (neighborhoods and elected officials) about economic development needs.
- Actively market Minneapolis to the world as a premier place to do business.
- Clarify role and cost-sharing with Grants and Special Projects regarding pollution and tax base revitalization account grant applications and administration.

Business Line Strategies: Community Planning

Key Initiatives

- Prepare and/or assist with the following plans:
  - LRT Station Area Plans (38th St; 50th/VA station areas)
  - Industrial Land Use Plan
  - Lake Street Development Objectives
  - Critical Area Plan
  - Lowry Hill East Rezoning Study
  - Sustainability Plan
  - Downtown Parking and Transit Study (with Public Works)
  - Bassett Creek Valley Rezoning Study
  - South Lyndale Small Area Plan
  - Midtown Greenway Land Use Plan
  - Upper Harbor Terminal Study
  - Long-range Arts and Cultural Affairs Plan and Public Art funding strategy
- Expand research activities and products, including an expanded Minneapolis Trends Reports and a new key indicators report.
- Prepare planning manual for neighborhoods.
- Conduct user survey of participants in planning processes.

Community Planning

Resources for this function have been severely constrained due to recent budget reductions, so as part of the larger discussion on citizen engagement, it will be critical to clarify to the public the reduced roles and responsibilities of Planning staff in relation to the new geographic district model that was initiated earlier this year.

Community Planning will prepare a neighborhood planning manual to assist neighborhoods in understanding the process of small area planning, and specifically the process of incorporating small area plans into the City's comprehensive plan. Coordination of LRT Station Area plans will focus multiple small area priorities in a manner to assist in allocating limited City resources for implementation. An examination of the City's commercial corridors will provide a definition of an overall vision for these areas, and identify necessary planning processes and coordination.

A survey of participants in City planning processes will also be initiated.

In the immediate future, staff will develop an Adopted Plans Implementation Strategy that will inventory all of the City’s approved plans and the recommendations for future action in those plans. This tool is meant to assist decision makers in setting funding and work plan priorities.

Research

Efforts have started and will continue to restore some of the lost capacity in this functional area. In addition to the new quarterly publication of Minneapolis Trends, which will be expanded in

scope, there will be additional efforts to enlist the assistance of outside expertise (via mechanisms such as the Council of Economic Advisors) and via direct survey work (such as the pilot survey of businesses conducted in fall 2003). In a time of limited resources, it is critical for CPED to have current information about market gaps and opportunities in order to maximize the effectiveness of the department's housing and economic development activities.

Arts/Cultural Affairs

With the completion of a comprehensive arts and cultural affairs plan and public art funding strategy in 2004, staff will implement the plan recommendations. CPED will continue to work to integrate the arts policy into CPED projects.

Assessment of Other Models of Providing Service

Geographic Service Delivery

Continued implementation of the model of community planning based on five sectors of the City. Neighborhood and business organizations within these sectors will have one known point of contact regarding planning and development issues, which should increase the likelihood of information flowing from the neighborhoods to the City. We will continue to work toward a more integrated model of service delivery with other City departments and outside organizations.

Comprehensive/Advance Planning Priorities

Comprehensive/advance planning activities need to be well defined in a yearly action plan with deviations allowed from this plan only in truly unforeseen extreme situations. By working in an orderly manner such as this, it allows the planners to adequately assess City goals in relationship to The Minneapolis Plan, and identifies planning actions that need to be priority to accomplish this vision of the future.

Business Line Strategies: Development Services

Key Initiatives

Implement One Stop Development Review Center Customer Improvements

Customer service improvements will include data clean-up, better coordination with other departments (licensing, plan review, public works, housing), streamlining the land use application and appointment process, revising frequently requested forms, handouts and instructions, employing a case manager system where appropriate, and instituting an automated phone system to better direct callers to available resources. In addition, CPED will assist in the clean-up of KIVA data in order to provide current and complete zoning and historic preservation information by parcel.

Revise Zoning Code

CPED will revise the zoning code to reflect the need to prioritize the City's regulatory efforts. Proposed changes may include expanding the scope of site plan review to govern more new construction activities in exchange for less review of existing properties. Other changes may include the proposed conversion of several conditional uses to permitted uses, and revision of specific development standards including minimum spacing requirements.

Organizational Changes

Proposed strategic/structural/personnel changes in Development Services include:

- Increase cross training of planning division staff.
- Assist in the clean-up of the KIVA data system to provide current, complete zoning and heritage preservation information by parcel.
- Employ a case manager approach for more complex development projects where appropriate.
- Improve and revise application forms, frequently requested handouts and zoning instructions.
- Complete the roll-out of an automated phone system to better direct customers to available resources including frequently requested forms and handouts, as well as zoning maps and regulations on the web.
- Increase the availability of land use application forms by providing access in person, by mail or fax or on the web.

Assessment of Other Models of Providing Service

One Stop Development Review Center

The One Stop Development Review Center is a customer-focused initiative to integrate development application, review, permitting and licensing, and inspection functions within the City. Currently, many of these functions are operated as separate activities within a number of departments. These activities are often carried out independently creating gaps in information, requirements, technology, and processes. The goal is to streamline and simplify the process for customers. Several departments, including CPED, will play a role in the development and implementation of the One Stop Development Review Center. It is anticipated that a form of case management will be utilized in the implementation of the One Stop Development Review Center.

Business Line Strategies: Workforce Development

Key Initiatives

Improve the Delivery System

METP has conducted comprehensive reviews of its system with:

- Downtown Council human resources executives (improve placement rate at downtown employers)
- State of Minnesota DEED (improve system of linking job seekers, NET providers, and employers)
- NET providers (enlarge system capacity)

Their recommendations have resulted in an METP five-year plan approved by the Workforce Council.

"Close the Gap" Campaign

In the first half of 2004, METP proposed to invest $1 million in City funds if approved in the 2004 budget to seed a $5 million campaign to close the gap between City and Metro unemployment rates. The fundraising campaign would close in July of 2004 and placements expanded thereafter. In 2004 therefore, METP proposed to cut the gap in half to reflect the latter half-year effort.

Health Careers and Financial Careers Institutes

METP proposed to build career tracks into existing programs. This requires an approach that focuses on tracks within partial industries. The METP will take a seat on the board of each of these Career Institutes to further support development of these pilots. Successful elements of these models will be integrated into METP in 2005.

Construction Coalition

Under the leadership of the Workforce Council, METP will help organize a performance-based approach to construction projects within the City to promote opportunities for non-traditional entrants.

Northside Partnership

The model for linking housing and employment supports in challenged households will be tested in this Partnership, organized by the Mayor and Council Members Samuels, Johnson and Johnson Lee. Additional aspects of this initiative are described under the Housing Policy & Development and Partnerships business lines.

Assessment of Other Models of Providing Service

Stakeholder Comment

Comprehensive reviews of the METP system have led to a new and improved delivery system, approved by the Workforce Council.

Pilots

METP will assess career tracks as an element in its future structure by board-level leadership on the Health and Financial Careers Institutes.

Leveraging Investment

Within the Northside Partnership, METP will test the proposition that combining housing and employment supports in challenged households improves performance in both areas.

Empowerment Zone Tactics

METP will ask the Empowerment Zone Board to consider increased support of human capital investment and to employ tactics that include:

- Enhancing capital sources for gap financing, renovations, expansions and technical assistance to businesses in and looking to expand into the EZ.
- Promoting use of tax credits and additional financial incentives of the EZ to local businesses and employment placement/training organizations.
- Targeting resources to residents and/or training programs that provide training and placement into careers that are high paying and provide career laddering opportunities.
- Supporting and enhancing training programs for residents that include ESL, GED and computer technology classes.
- Enhancing access to small business training programs and professionals who can foster the development of cross-cultural learning and the creation of successful operating and business strategies.
- Overlap the board memberships of advisory boards that serve the workforce needs of the community. This would include the EZ Governance Board, Work Force Council and Economic Advisory Council.

Coordination with Human Resources Department

When opportunities arise, METP will work with Human Resources to provide training for new City employees and for City residents who seek to become City employees.

Business Line Strategies: Partnerships

Key Initiatives

Northside Partnership

CPED will develop strategies for achieving goals for north Minneapolis in the areas of home ownership, employment, economic development, public safety, health and human services, and access to amenities and recreation. The department will establish and achieve 18 goals in 2004 and 12 long-term goals. A partnership meeting was convened in January 2004. Community summits were convened in December 2003 and January 2004.

Minneapolis Lifesciences Corridor

CPED will create the Minneapolis Lifesciences Consortium, a board composed of 16 doctors and other interested individuals and chaired by the Mayor, to govern the Chicago Avenue Lifesciences Corridor. The board will meet quarterly, beginning in February 2004. Milestones in 2004 will include a medical conference center, expansion of labs and other facilities along the corridor, and creation of a Minneapolis Lifesciences capital fund. A website will be created and promotional and educational activities will be undertaken.

City-University Partnership

CPED will form a partnership between the City and the University of Minnesota to identify, define and work on issues of mutual concern. A retreat will be held in January 2004 to define the partnership agenda. There will be monthly meetings between key City and University staff.

Assessment of Other Models of Providing Service

Citizen Engagement

The creation of CPED, ongoing changes with the Neighborhood Revitalization Program, and recent staff and City Council work on enterprise-wide public engagement have all contributed to a need to review the methods and systems which CPED uses to inform and encourage participation by its various stakeholders. CPED wants to be as responsive as possible while still being efficient about staff time and sensitive to the need for streamlining the development process. CPED will continue to honor statutory and funding mandates in the area of citizen participation.

Staffing Partnerships

The history of Minneapolis includes many examples of partnerships across the sectors that produce public goods – a new theater, neighborhood improvement, or business development. The CPED Office of Partnerships will support such partnerships as follows:

- work with City elected leaders to define the focus of a partnership;
- recruit partners with resources;
- organize partnership; recruit start-up resources, locate fiscal agency, prepare strategic plan, complete staffing plan; and
- measure progress.

Section Four: Department Resources

Finance Plan

The 2004 Financial budget and projections are the first for the new Department of Community Planning and Economic Development (CPED). They combine the predecessor departments of the Minneapolis Community Development Agency (MCDA), Empowerment Zone (EZ), Minneapolis Employment and Training Program (METP) and the Minneapolis Planning Department. A comparison of the combined 2004 budget of $142,010,891 with the component 2003 budgets as they were revised in August of 2003 follows:

Table 1. Historical Budget Comparison

	2003 Original Budgets	2003 Original FTE	2003 Revised Budgets	2003 Revised FTE	2004 Component Comparison	2004 Approved FTE
MCDA	149,102,915	143.2	148,052,000	96.6	124,589,412	83.0
METP	10,930,088	16.3	10,930,088	16.3	10,635,163	16.0
Planning	3,711,952	46.0	3,217,918	39.0	3,970,021	41.0
EZ	2,028,488	3.0	2,028,494	3.0	2,816,295	4.0
Total	165,773,443	208.5	164,228,494	154.9	142,010,891	144.0

Reductions from the 2003 revised budgets to 2004 relate to permanent reductions in the former MCDA component of over $1.5 million in personnel costs and significant changes in the transfer and debt service categories which are naturally volatile from year to year. The full benefit of staff reductions was not captured in 2003 in large part because of the one-time expense of severance reductions. In addition, 25.3 FTEs were transferred from MCDA support functions of Finance, HR, BIS, and Communications to their respective City departments.

Combined five-year revenue and expenditure projections are shown in Table 2 – Projected CPED Revenues & Expenditures 2004-2008. This table indicates that annual revenues exceed annual expenditures through 2007, and a small deficit in 2008. Overall, this five-year projection shows cumulative net revenues of $10.6 million, or about 1.3% of total estimated revenues for the period. As the table shows, annual net revenue drops dramatically after 2004. This underscores the budget challenge that starts with the 2005 budget and continues through 2008.

Less than 3% ($4.2 million) of the gross 2004 CPED revenues come from the City's property tax levy. The projected revenue and expenditure of these funds is consistent with the five-year plan adopted by the Council in 2003, including the elimination after 2004 of $2 million provided for development activities. The special Housing and Redevelopment Authority (HRA) levy – independent of the City's property tax levy – remains available should the Council desire to exercise it in the future.

These projections are based on several revenue assumptions that will need to be validated regularly:

- revenues from federal grant programs, including the annual disbursement rate for the Empowerment Zone, will remain close to constant;
- revenues from state and local grants will remain close to constant;

- there will be modest increases in bond related fee income from housing and economic development activities;
- there will be decreases in overall project income due to decreasing levels of overall project activity; and
- there will be no legislative actions or assessment adjustments that have a significant negative impact on tax increment or General Fund collections.

The expenditure projections contain assumptions that will also need to be revisited annually in the context of revised revenues and Department outcomes:

- CPED staff levels will remain constant with personnel costs increasing 2% per annum while non-personnel expenditures increase approximately 1% per annum;
- the growth of funding for City departments providing support services to CPED is projected to match the growth of CPED operations; and
- NRP capitalization equals the projections updated in October 2003 to reflect the set of Council actions regarding the repayment of Brookfield.

The revenues available for discretionary development purposes are a subset of the CPED total and have become more limited.

- City long-term plans do not use the Chapter 595 levy after 2003 nor do they use an equivalent General Fund levy after 2004.

- The Development Account and non-TIF revenues of the Common Project are restricted to the capitalization of the NRP. (See Table 3 – Estimate of Phase II NRP Resources 2003-2009.)

As an offset to these reductions, $3.7 million from the Legacy Fund is being provided annually through 2008. This is reflected in Table 2 – Projected CPED Revenues & Expenditures 2004-2008.

A consequence of the reduction of development resources that started in 2001 is the reduced level of funding (from $20 million per annum in Phase I) available to capitalize the NRP. The current projections for NRP funding are shown in Tables 2 and 3 and are subject to annual revision based on actual revenues.

Table 2

Projected CPED Revenues & Expenditures 2004 - 2008

	2004	2005	2006	2007	2008	Total
Local Funds						
Property Tax Levy/CD Levy Proxy	2,000,000	-	-	-	-	2,000,000
Property Tax Levy/General Fund	2,222,301	2,474,736	2,734,531	3,001,903	3,277,076	13,710,546
Tax Increment	70,105,039	70,806,089	71,514,150	72,229,292	72,951,585	357,606,155
Dev Acct	3,900,000	2,213,272	2,199,272	2,028,432	2,002,705	12,343,681
Interest	9,637,854	9,155,961	8,698,163	8,263,255	7,850,092	43,605,326
Leveraged Opportunity Fund	3,800,000	0.0	0.0	0.0	0.0	3,800,000
Bond Fees						
Housing Program Fees & Revenues	1,199,000	1,299,000	1,399,000	1,499,000	1,599,000	6,995,000
Economic Dev Program Fees & Revenues	3,612,000	3,635,000	3,705,000	3,805,000	3,930,000	18,687,000
Legacy Fund	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	18,500,000
Other Project & Program Income	13,974,962	13,555,713	13,149,042	12,754,570	12,371,933	65,806,221
Transfers	13,950,094	21,744,379	23,241,217	22,984,856	22,674,667	104,595,213
Federal Funds						
CDBG*	18,646,347	18,646,347	18,646,347	18,646,347	18,646,347	93,231,735
ESG	600,000	600,000	600,000	600,000	600,000	3,000,000
HOME	3,700,000	3,700,000	3,700,000	3,700,000	3,700,000	18,500,000
Other State/Local Grants	6,555,000	6,555,000	6,555,000	6,555,000	6,555,000	32,775,000
Total Revenues	157,602,597	158,085,498	159,841,722	159,767,655	159,858,405	795,155,877
Appropriated						
Executive	6,109,287	6,231,473	6,356,102	6,483,224	6,612,889	31,792,975
Economic Policy & Development	14,104,966	14,316,540	14,531,289	14,749,258	14,970,497	72,672,550
Strategic Partnerships	14,332,452	14,547,439	14,765,650	14,987,135	15,211,942	73,844,618
Housing & Policy Development	22,731,913	23,072,892	23,418,985	23,770,270	24,126,824	117,120,884
Planning	3,970,021	4,089,122	4,211,795	4,338,149	4,468,294	21,077,381
Transfer & Debt Service**	76,611,205	84,544,991	86,179,935	86,060,299	85,885,468	419,281,898
NRP Prior Year Plans	1,602,809					1,602,809
Support Functions						
Direct Charge (Development Finance)	2,013,070	2,053,331	2,094,398	2,136,286	2,179,012	10,476,097
Transferred	535,168	545,871	556,789	567,925	579,283	2,785,036
Total Appropriated	142,010,891	149,401,659	152,114,943	153,092,546	154,034,208	750,654,247
To be appropriated						
Potential NRP Capitalization	7,087,292	5,334,210	4,050,537	4,058,431	4,478,649	25,009,119
Brookfield repayment to Legacy	1,769,000	1,769,000	1,769,000	1,769,000	1,769,000	8,845,000
TOTAL USES	150,867,183	156,504,869	157,934,480	158,919,977	160,281,857	784,508,366
NET	6,735,414	1,580,629	1,907,242	847,678	(423,452)	10,647,511

* Entitlement and Program Income

** Net of Support Functions

Table 3

ESTIMATE OF PHASE II NRP RESOURCES: 2003 - 2009

	2003 Actual	2004 Projected	2005 Projected	2006 Projected	2007 Projected	2008 Projected	2009 Projected
Revenues							
Common Project TI*	24,590,244	25,469,584	25,838,893	26,213,557	26,449,479	26,832,996	27,222,075
Transfer from Reservation for Future Debt Service		0	0	0	0	0	0
Other Revenues of the Common Project	16,238,814	8,318,910	7,523,439	7,235,498	6,954,389	6,985,245	33,368,160
Total Common Project Revenue	40,829,058	33,788,494	33,362,332	33,449,055	33,403,868	33,818,242	60,590,235
Less							
Debt Service and PAYG Notes	13,026,369	15,287,754	23,221,540	24,856,908	24,736,848	24,662,017	27,434,454
Reservation for Future Debt Service	0	0	0	0	0	0	0
Other Obligations of the Common Project	13,018,418	7,540,000	870,000	540,000	540,000	540,000	540,000
Repayment of Legacy Fund Advance	1,769,000	1,769,000	1,769,000	1,769,000	1,769,000	1,769,000	11,386,000
Common Project Administration	2,265,480	2,104,449	2,167,582	2,232,610	2,299,588	2,368,575	2,439,633
	30,079,267	26,701,202	28,028,122	29,398,517	29,345,436	29,339,593	41,800,087
Reservation for Phase II NRP**	**10,749,791**	**7,087,292**	**5,334,210**	**4,050,537**	**4,058,431**	**4,478,649**	**18,790,148**
Reservation for Other Development Activities		-	-	-	-	-	-

* Common Project TI only - exclusive of pre-79 TI revenue and associated debt service. Since pre-79 TI revenue can only be used for debt service it is not available for use by NRP and therefore has been omitted from this presentation.

** As noted in the text the total projected 2003-2009 reservation for NRP has been updated to reflect the October 2003 Brookfield settlement. The net effect of this change over this period is a cumulative reduction of approximately $1 million from the June 2003 projection.

Workforce Plan

Workforce Demographics and Trends

The Department of Community Planning & Economic Development was formally recognized as a City Department on August 24, 2003. The departments merged into CPED were MCDA, METP, EZ and Planning. Because CPED is a new department, there is no workforce comparison data.

CPED Demographics – 10/10/03

Gender	#	%
Male	67	50%
Female	68	50%
TOTAL	**135**	**100%**
Ethnicity:	#	%
White	116	86%
Black	10	7%
Hispanic	3	2%
American Indian	3	2%
Asian	3	2%
TOTAL	**135**	**100%**
Employees of Color	19	14%

Key Workforce Issues

The Department has identified a variety of key workforce issues that need to be worked on over the next five years to align its workforce with the initiatives outlined in the Business Plan. Working on these key issues will increase organizational effectiveness in times of significant reductions in resources.

Key and strategic workforce issues fall within the following categories:

- Workforce diversity – Current demographics show 14% employees of color. The goal is to ensure CPED has a highly qualified workforce reflecting the population of the City of Minneapolis, and that the selection processes used to hire and promote employees are carried out in accordance with the Uniform Guidelines on Employee Selection Procedures. We will advertise and recruit in the community to attempt to attract more people of color qualified for various positions in CPED.

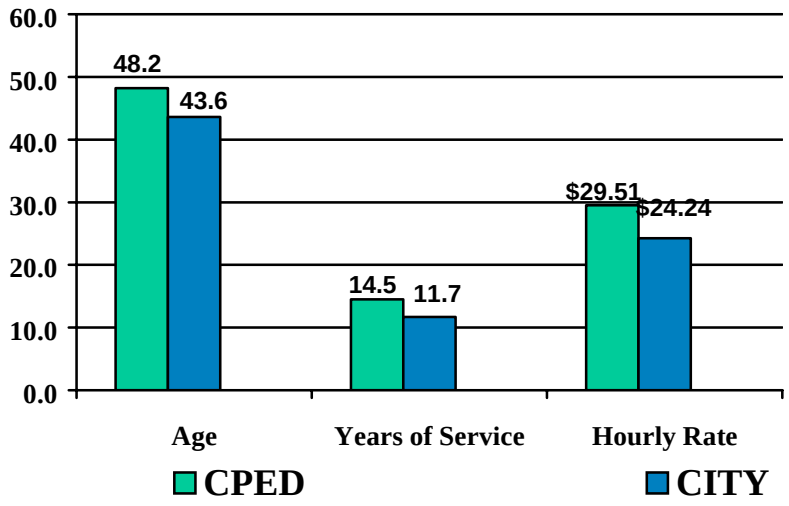
- Training & Development including competency development – Competencies are measurable and observable knowledge, skills and behaviors that correlate to performance and can be improved by training and development. Each Job classification will have identified competencies which will help CPED plan for skills needed in the future and help establish sound succession plans. Competencies help identify training needs across groups of employees or individual training needs.
- Training & Development for supervisors/managers – Using the City's supervisor/manager training modules, training will be provided to give existing and new supervisors/managers in CPED the tools to be more effective and develop the knowledge, skills and abilities so they can work productively and effectively.

- High percentage of employees eligible for retirement – Create succession plans for positions where current employees are eligible for retirement. Continue forecasting human capital needs.
- Performance management – When all CPED jobs are classified and have identified measurable and observable competencies, skills and behaviors, job classifications and descriptions will be tools to assess employee performance.
- Classifications studies of all CPED jobs – In accordance with the CPED ordinance, all classifications of former MCDA titles must be complete by the end of 2004. Because CPED is a new department made up four departments now merged, all positions will be studied in 2004.

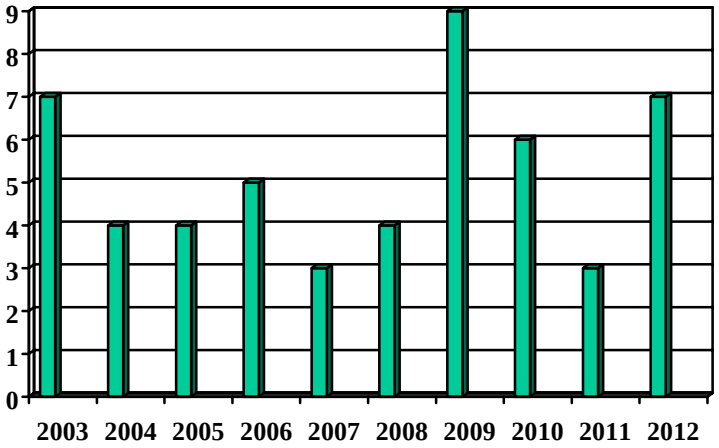
Department Workforce Profile

Department Workforce Profile - October 2003	
Active Employees	135
Average Years of Service	14.5
Average Age	48.2
Average Wage	$29.51

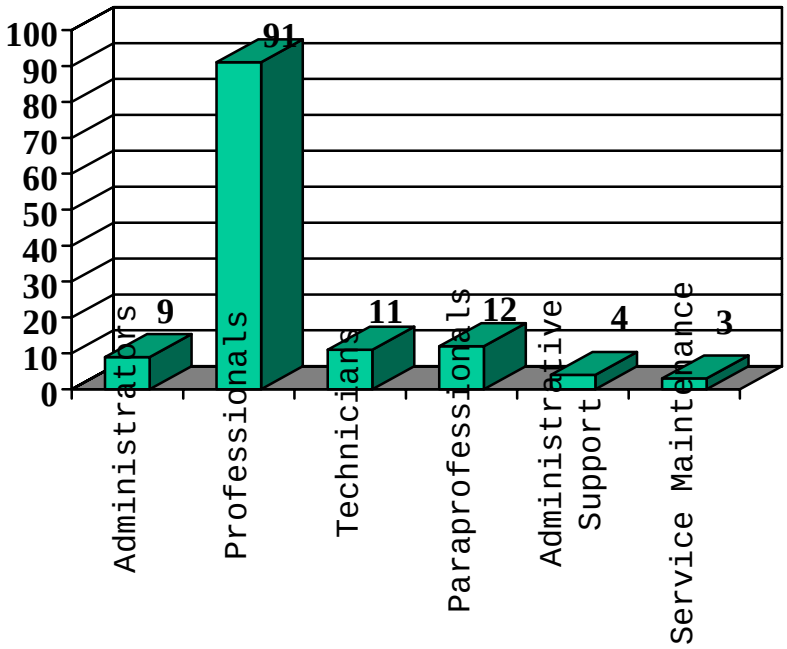
Department and City Workforce Comparison



Number of CPED Employees Eligible to Retire



Number of CPED Employees for Selected Classifications



Note: Number of employees for selected classifications doesn't match previous Department Workforce Profile because the information used from HRIS was run on a different date.

Technology Plan

CPED will leverage current and future investments in technology to support the department's vision and to strategically align its processes and information to meet defined initiatives and goals.

There are four key elements to CPED's Technology Plan.

1. **Use technology to support and assist CPED's business lines, stakeholders and key City support functions.**

   Business Lines

   - Housing Policy & Development
   - Economic Policy & Development
   - Community Planning
   - Development Services
   - Workforce Development
   - Partnerships

   Stakeholders

   - One Stop Development Review Center
   - Public Works/Capital Planning
   - Minneapolis Public Housing Authority
   - Community Partners
   - NRP
   - Elected Officials

   Key City support Functions

   - Finance
   - BIS
   - Communications
   - Human Resources

   The CPED technology plan will support the definition of core business processes, the provision of services to stakeholders, and the integration and delivery of City support function. Solutions will be leveraged to align and integrate duplicate processes and facilitate business process reengineering.

2. **Design, develop and implement technology to support CPED's Business Architecture (Structure).**

   - Align technology to support CPED organizational model.
   - Define and recommend resources required to implement and support needed technology.
   - Adhere to and support defined departmental policies and practices.

- Define roles and responsibilities and implement tools to help manage accountability.
- Support the tools to help CPED meet its key 2004 initiatives.
- Develop and exploit enterprise tools to streamline processes and provide informational foundations to support defined key performance measures reporting.

The CPED technology plan will reflect the needs of the newly formed CPED organization. Technology and tools will support and facilitate efficient working relationships among CPED divisions and work units.

CPED technology will be developed and implemented to help meet key 2004 initiatives:

- More consciously targeted uses of limited development resources and greater efforts to align project activity with policy priorities.
- Closer coordination with Regulatory Services and other departments as part of the One Stop Development Review Center initiative.
- Greater clarity about relationships with NRP.
- Greater financial transparency and greater discipline in reporting outcomes related to dedicated resources.

3. Exploit and support the process enterprise that resides within the structural organization of CPED.

- Internal process definition
- Internal workflow support
- Apply business process reengineering
- Workflow alignment
- Organizational change

In the process of defining and applying technology, CPED will perform the business process discovery and will define internal and external business relationships and processes. This effort will be the foundation for the development and implementation of appropriate technical systems and business application resources. This in turn will support required business process reengineering and allow CPED to align and integrate tools to support approved processes.

4. Develop and support business systems integration.

- External process relationship definition
- External workflow integration and support
- Business application integration
- Document management
- EGovernment
- Web presence

The technology applied by CPED, in addition to supporting the department's specific business requirements, must also support, align and adhere to City enterprise systems and services. CPED will implement business tools and technology that interface with and provide support for the external systems and processes of the City. CPED technology development will define interdepartmental relationships and manage information and processes for which CPED is responsible.

CPED will evolve and develop its Internet and Intranet presence by using the supported standards of the City. CPED will take advantage of emerging technology to make CPED's business goals, products, resources and production data available to the City's elected officials, customers, constituents and business partners.

Equipment and Space Plan

The establishment of the Department of Community Planning & Economic Development through the consolidation of four entities (the Minneapolis Community Development Agency, the Planning Department, the Empowerment Zone, and the Minneapolis Employment and Training Program) raises equipment and space planning issues.

CPED staff currently office in four locations – City Hall, the Public Service Center, the Crown Roller Mill and the Grain Belt Brewery complex. The department is in the beginning stages of discussion with Public Works concerning mid- and long-term space planning needs.

CPED is in the process of transferring responsibility for the support functions of office lease management and fleet management to Public Works.

CPED has transferred support for computer system management to BIS and is in discussions with the City Clerk's office regarding copier and printing services management.