

Overview of Mayor's 2009 Supplemental Budget

**Prepared by
the Finance Department
February 25, 2009**

Agenda – Summary of Presentation

1. Budget Process
2. Major Changes
3. 2008 Unallotment
4. Department-Specific Information
5. Federal Stimulus Money
6. Conclusion – Outlook for 2010

Mayor's Supplemental 2009 Budget

Budget Process

- Departments asked for 10% and 20% LGA reduction scenarios
- After Governor's recommendations, departments refined 20% scenarios and produced Results data
- Results Minneapolis data provided for 20% scenarios
- Data will be refined for final recommendations

Mayor's Supplemental 2009 Budget

Major Highlights

Financial Overview

- The 2008 Unallotment of LGA by \$13.2 million restored
- The 2009 Governor's proposed reductions include \$17.1 million in 2009 and an additional \$18 million in 2010, for an ongoing impact over the next two years of \$35 million
- Recommendations address the 2009 funding levels

Mayor's Supplemental 2009 Budget

Major Highlights Financial Overview

Expense by Department

(All Sources, \$ in Millions)

	2009 Council Adopted	2009 Mayor's Revised	% change	Change
Attorney	13.9	13.6	-2.4%	-0.3
City Coordinator	75.0	73.1	-2.6%	-1.9
CPED	125.5	125.4	-0.1%	-0.2
Convention Center	45.9	45.7	-0.6%	-0.3
Fire	53.2	50.5	-5.0%	-2.7
Health and Family Support	13.7	13.4	-1.5%	-0.2
Library (Transfer to Hennepin County)	7.5	7.5	0.0%	0.0
Neighborhood and Community Relations	1.0	1.0	0.0%	0.0
Police	135.1	128.6	-4.8%	-6.5
Regulatory Services	32.9	32.8	-0.4%	-0.1
Public Works Subtotal	302.2	300.0	-0.7%	-2.2
Other City Services	17.6	17.0	-3.2%	-0.6
Other	107.2	107.2	0.0%	0.0
Total	930.8	915.8	-1.6%	-15.0

Mayor's Supplemental 2009 Budget

Major Highlights

Revenue Initiatives

- Federal stimulus will save 57 positions in the Police Department
- The Fire Department will generate \$800K in revenues from commercial inspection activities to keep positions
- Public Works will implement a Street Light Utility Fee to generate \$1.7 million in revenue

Mayor's Supplemental 2009 Budget

Major Highlights

- Cut \$0.5 million in 911/311
- Reduced City Attorney (Criminal Division) by \$0.3, offset by stimulus
- Cut Snow and Ice Control by \$0.25 million
- Management streamlined by reducing 27 management positions across the City

December 2008 LGA Cut

\$11.6M City General Fund

1.6M Park Board & Muni Building Comm.

\$13.2M Total LGA cut to Minneapolis

December 2008 LGA Cut – Replenishing the Reserve

\$4.2M Hiawatha Fix to Include Enterprise Bonds

\$5.0M Hilton Fund Revised Estimates

\$0.5M Downtown Transportation Improvements

\$1.2M Unallocated one-time funding

\$0.7M Infrastructure Acceleration Program 2013

= \$11.6M replenished city reserves

Mayor's Proposed Budget Changes

\$15 million cut for 2009

59 city position reductions

(33 filled and 26 vacant)

State Budget Cuts:

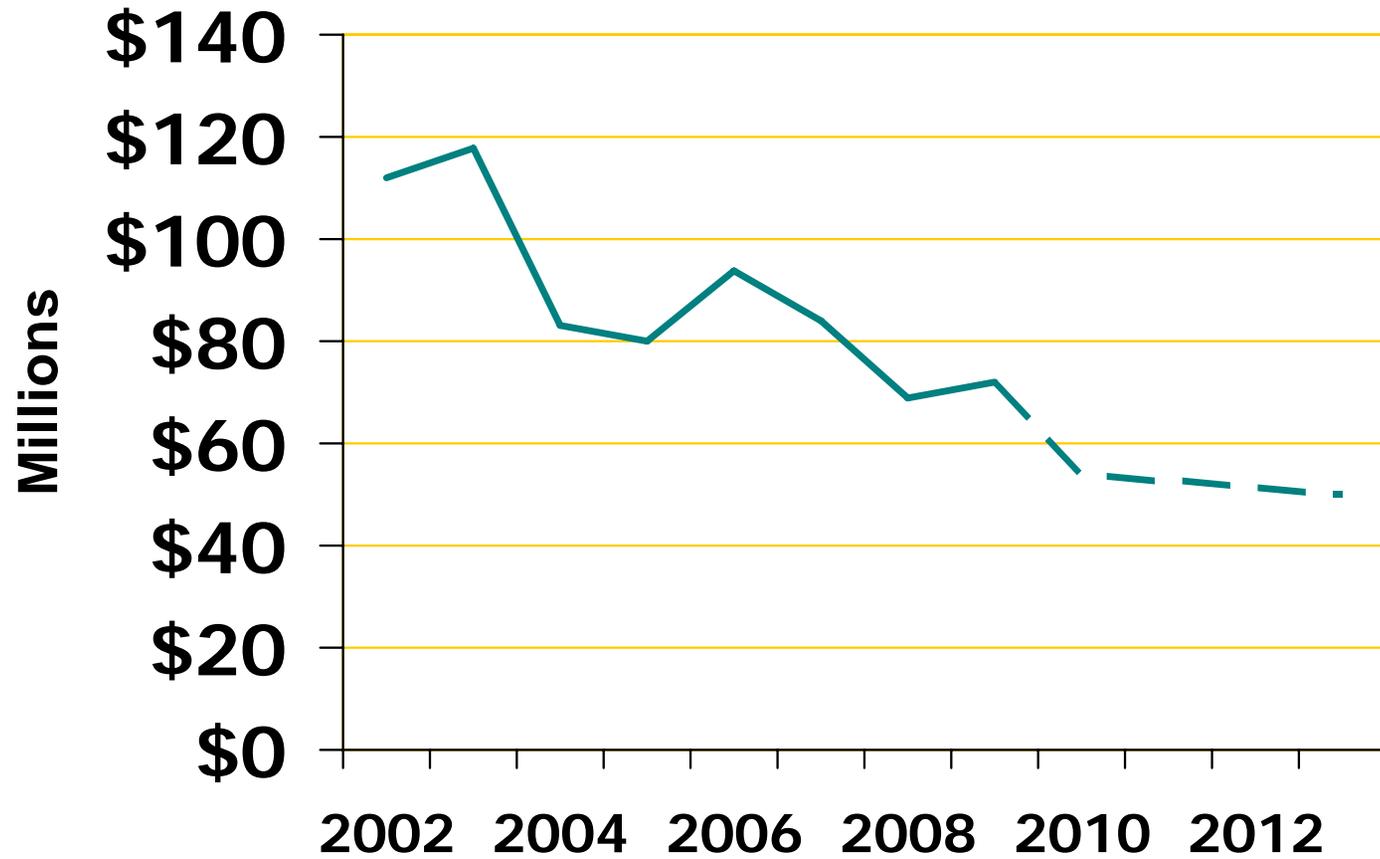
\$30 million in 2009

(\$13M from 2008 and \$17M in 2009)

\$35 million in 2010

City General Fund = \$378 million

Local Government Aid Cut



2009 LGA Distribution

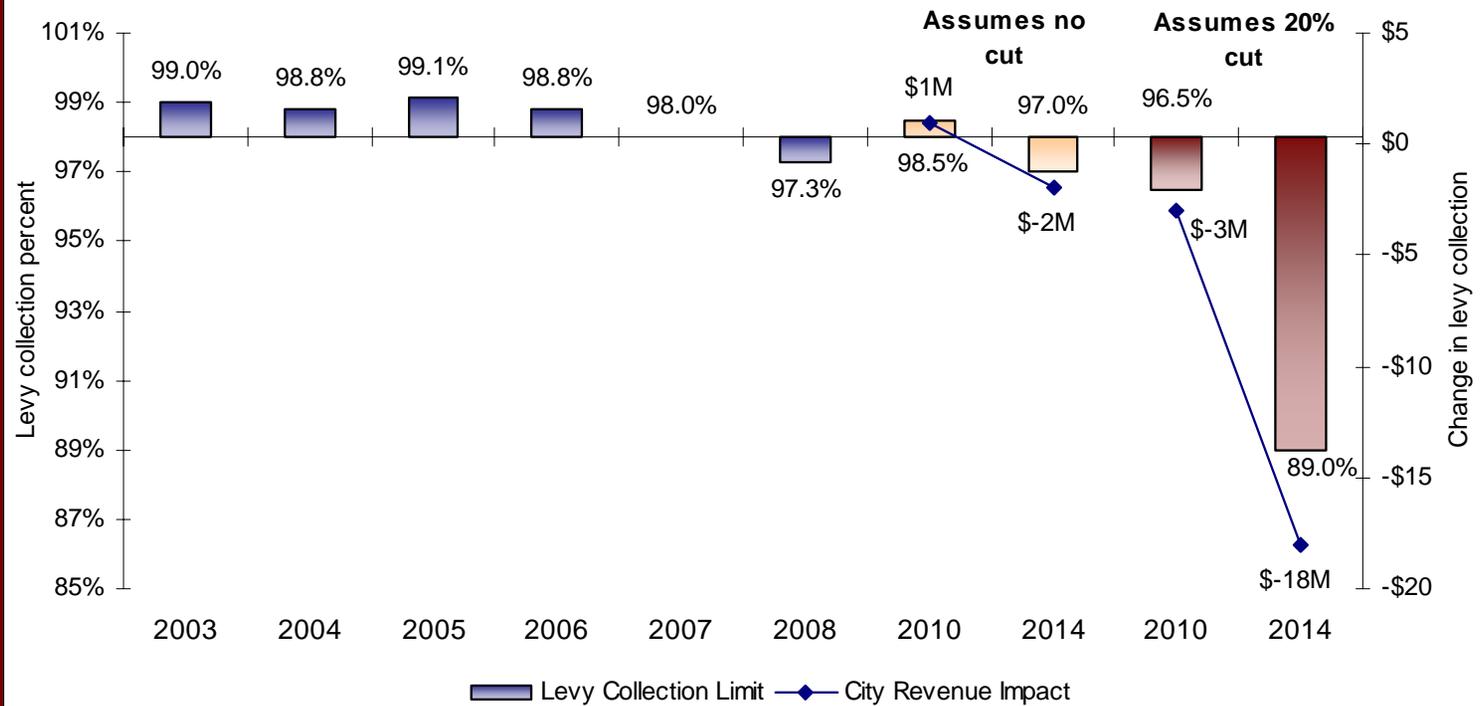
	2009 LGA Certification	2009 Revised LGA
General Fund	\$78,043,592	\$63,222,284
Park Board	\$10,847,975	\$8,488,906
MBC	\$267,257	\$216,503
Totals	\$88,789,824	\$71,927,693

Assessor

- The Mayor's Supplemental Budget does not reduce the Assessor's budget
- Cuts to this department would significantly impact City revenues

Assessor

Impact of 20 percent budget reductions on levy collections (in millions \$)



Attorney

- The Mayor's Supplemental Budget reduces the Attorney's budget by \$330,000
- The reduction will come from these sources:
 - Reduce by 4 positions
 - Delay hiring other positions
 - Reprioritize domestic abuse staffing
 - Reduce on-line publication subscriptions
- Staff direction on fine revenue

Clerk

- The Mayor's Supplemental Budget reduces the Clerk's budget by \$320,000
- The reduction will come from these sources:
 - The department will seek a state law change to reduce printing costs in Finance & Commerce
 - By using docking stations in Council chambers rather than the existing computers
 - Other reductions to meet the \$320,000 as determined by the Council

Coordinator Administration

- The Mayor's Supplemental Budget reduces the Coordinator Administration budget by \$56,000
- The reduction will come from these sources:
 - \$20,000 from the elimination of the Deputy City Coordinator position in 2009 (\$136,000 in 2010)
 - 36,000 reduction to non-personnel cost

911/311

- The Mayor's Supplemental Budget reduces 911/311's budget by \$280,000
- The reduction will come from these sources:
 - \$103,000 reduction to training & overtime
 - \$117,000 transfer of other funding sources
 - \$60,000 reduction of one position in 311

Business Information Services

- The Mayor's Supplemental Budget reduces BIS' budget by \$725,000 (\$580,000 in general fund charges)
- The reduction will come from these sources:
 - \$197,000, or 2 FTEs
 - Reduce or eliminate use of contractors
 - Reduce training and travel
 - Planning and research roles reduced
 - Delay filling vacancies

Communications

- The Mayor's Supplemental Budget reduces the Communications budget by \$80,000
- The reduction will come from these sources:
 - \$60,000 from the elimination of a Police Communications position
 - \$20,000 reduction to the allocation for MTN

Convention Center

- The Mayor's Supplemental Budget reduces Convention Center's budget by \$280,000
- The reduction will come from these sources:
 - \$ 280,000, or 4FTEs, in supervisory positions
 - Additional redesigning of operations are being undertaken

Finance

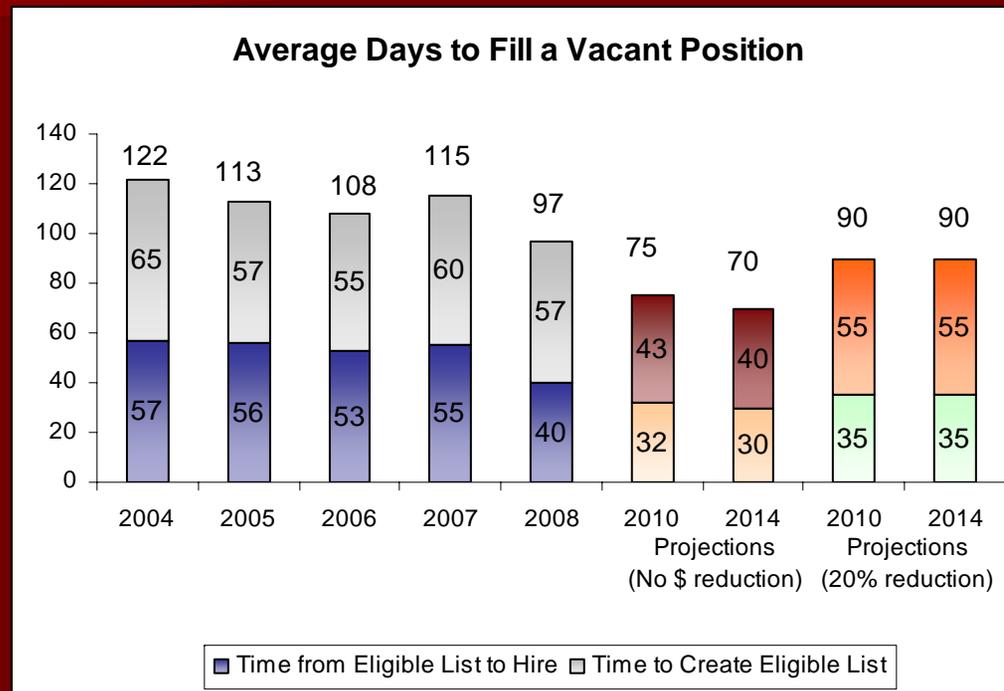
- The Mayor's Supplemental Budget reduces the Finance Department's budget by \$570,000
- The reduction will come from these sources:
 - \$545,000 from the elimination of 8 positions
 - \$25,000 savings from server decommissioning
- Directions on procurement, overtime and fine revenue

Human Resources

- The Mayor's Supplemental Budget reduces Human Resources' budget by \$320,000
- The reduction will come from these sources:
 - \$ 156,000 or reduction 2 in positions
 - \$62,000 vacancy in 2009 with efficiencies in 2010
 - \$102,000 reduction in training, travel and other non-personnel

Human Resources

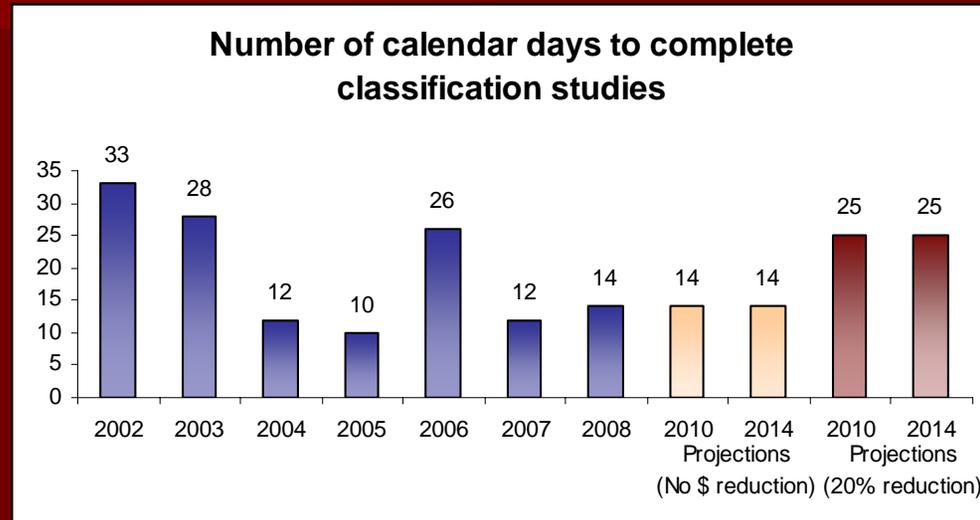
Results Impacts of 20 Percent Budget Reduction



The loss of an FTE in this area will undo the progress we have made in reducing the number of days it takes to fill a vacancy.

Human Resources

Results Impacts of 20 Percent Budget Reduction



The loss of a HR Senior Consultant will not only increase the amount of time it takes to complete a classification study, but will negatively impact HR's ability to deliver on a citywide performance management system which has been planned for a 2010-2011 implementation.

Intergovernmental Relations

- The Mayor's Supplemental Budget reduces IGR's budget by \$55,000
- The reduction will come from these sources:
 - \$55,000 from the elimination of a Senior Resource Coordinator position
 - One-time savings to membership and publishing

Neighborhood & Community Relations

- The Mayor's Supplemental Budget does not reduce the allocation for NCR
- NCR is still under development and does not yet have ongoing measures of services

Regulatory Services

- The Mayor's Supplemental Budget reduces Regulatory Services' budget by \$130,000
- The reduction will come from these sources:
 - \$ 130,000, or 1FTE

Civil Rights

- The Mayor's Supplemental Budget reduces Civil Rights' budget by \$180,000
- The reduction will come from these sources:
 - Effective January 1, 2010, the investigative function will be transferred to the State
 - \$115,000 in reduced administrative costs
 - \$65,000 in reduced professional services

CPED

- The Mayor's Supplemental Budget reduces CPED's budget by \$150,000
- The reduction will come from these sources:
 - \$69,000 from one position
 - \$37,000 from adjusting cost allocation of Planning Director salary to CDBG funds
 - \$44,000 from reduced fleet expenses and other administrative expenses

Fire

- The Mayor's Supplemental Budget reduces the Fire Department's budget by \$2,647,000
- The reduction will come from these sources:
 - \$545,000 from six vacant positions
 - \$196,000 in reduced overtime
 - \$800,000 increase to revenue from commercial inspections program implementation
 - \$227,000 in one-time military leave savings
 - \$461,000 in one-time equipment purchase reductions
 - \$418,000 in other non-personnel reductions

Health and Family Support

- The Mayor's Supplemental Budget reduces Health and Family Support's budget by \$210,000
- The reduction will come from these sources:
 - Effective January 1, 2010, the health lab will be closed
 - \$ 200,000, or 2 FTEs – one in Senior Ombudsman Office and one from health lab
 - \$ 10,000 in reduced service at school clinics, and reduced administrative expense

Mayor

- The Mayor's Supplemental Budget reduces the Mayor's budget by \$60,000
- The reduction will come from these sources:
 - \$ 60,000 in reducing personnel costs, travel and miscellaneous expense

Police

- The Mayor's Supplemental Budget reduces Police's budget by \$6,510,000
- The reduction target will be met from these sources:
 - \$5 million in federal grant resources in 2009 (avoids reducing 57 positions in 2009)
 - \$1.5 million in reduction of non-personnel spending, including overtime
 - Department directed to explore causes of fine revenue shortfall and identify solutions

Public Works

- The Mayor's Supplemental Budget reduces Public Works budget by \$2,225,000
- The reduction will be met in the following ways:
 - \$250,000 reduction to snow and ice removal
 - \$850,000 increase from new streetlight fee
 - \$200,000 saved from stopping work on State Highways
 - \$925,000 in other cuts (traffic signal maintenance, traffic management activities, etc.)
 - Reduction of 11 positions

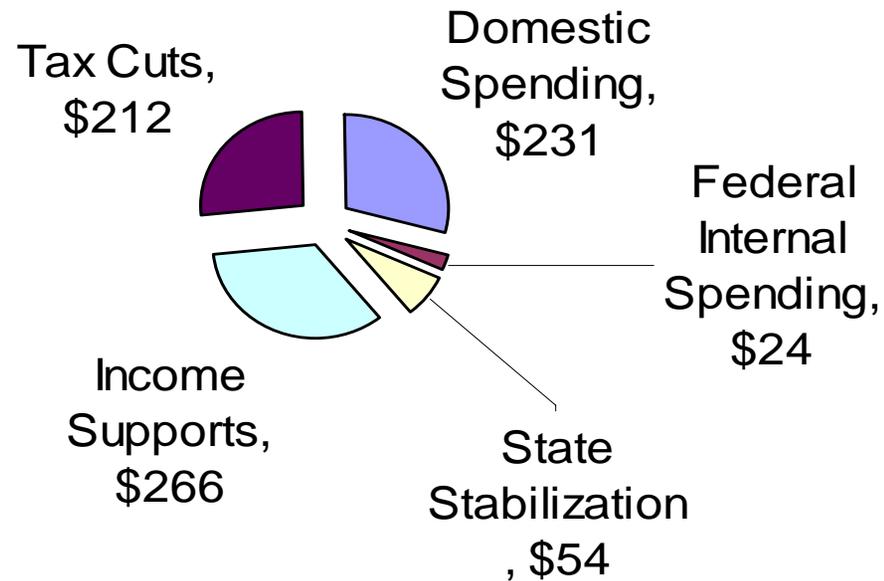
Federal Economic Recovery Act Funding

Potential Local Options

- Public Safety
- Infrastructure
- Energy
- Workforce Training
- Housing

Economic Recovery Spending Allocation

Economic Recovery Act 2009



Conclusion: 2010 and beyond

- Proposed cuts double 2009 impact
- Pension funds performed worse than -10%
- Levy limits currently in place

Governor's Proposed 2010 Cuts

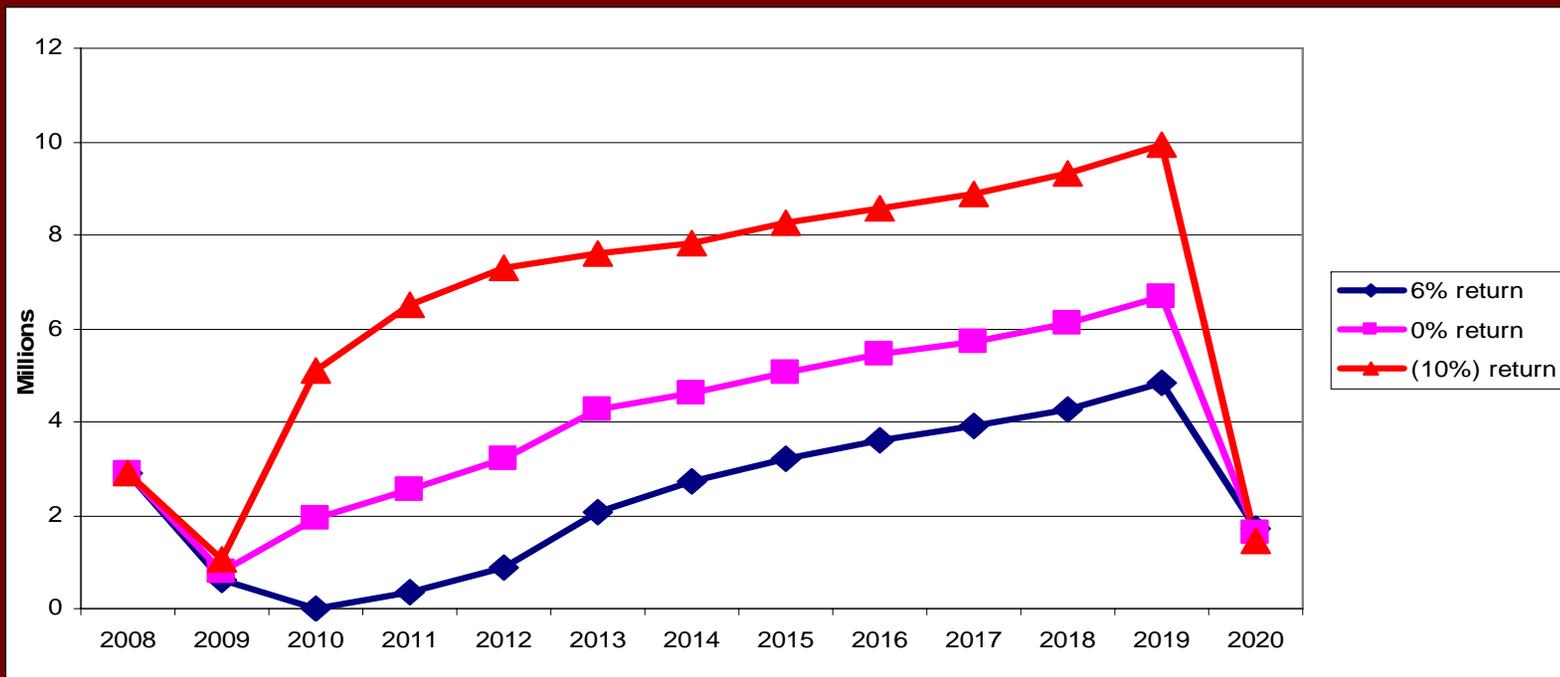
dollars in millions

(Please note: Cuts are across the board and do not reflect decreases in revenue)

Mayor	-0.07
City Clerk/Elections/City Council	-0.38
CPED	-0.20
Contingency	-0.13
City Coord Admin, Comm, IGR, NCR	-0.31
Civil Rights	-0.12
Assessor	-0.19
Health and Family	-0.22
Human Resources	-0.29
Attorney	-0.37
911/311	-0.53
Finance	-0.95
BIS	-0.63
Regulatory Services	-1.16
Public Works	-2.10
Fire	-2.48
Police	-6.01
Total General Fund	16.12

MFRA Investment Return

Compares statutory assumption of 6% with 0% return and -10% return in 2008, with return to 6% in following years



MPRA Investment Return

Compares statutory assumption investment return of 6% with possible 0% return and -10% return in 2008, with return to 6% in following years

