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# Community Planning and Economic Development 2012 Budget Hearing

Department found on pages 346 – 357 in budget book

Presentation to Ways and Means/Budget Committee  
November 16, 2011

# CPED Budget - Introducing the Five Year Plan

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## ■ 2009: Major causes of CPED's budget stress:

- Expiration of Legacy Fund borrowing
- Common Project revenues for admin capped
- Accumulated fund deficits
- Continued reductions in General Fund  
[now only 4% of CPED budget]
- Continuous cuts to CDBG funding

## ■ 2010: Five Year Work-out Plan initiated:

- Reduce ongoing expenditures
- Increase ongoing revenue
- Pay down deficits
- Structurally balanced budget by 2015
- Use of one-time money to bridge gap

# CPED's Five Year Plan: balance budget by 2015

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## ■ Reduce expenditures

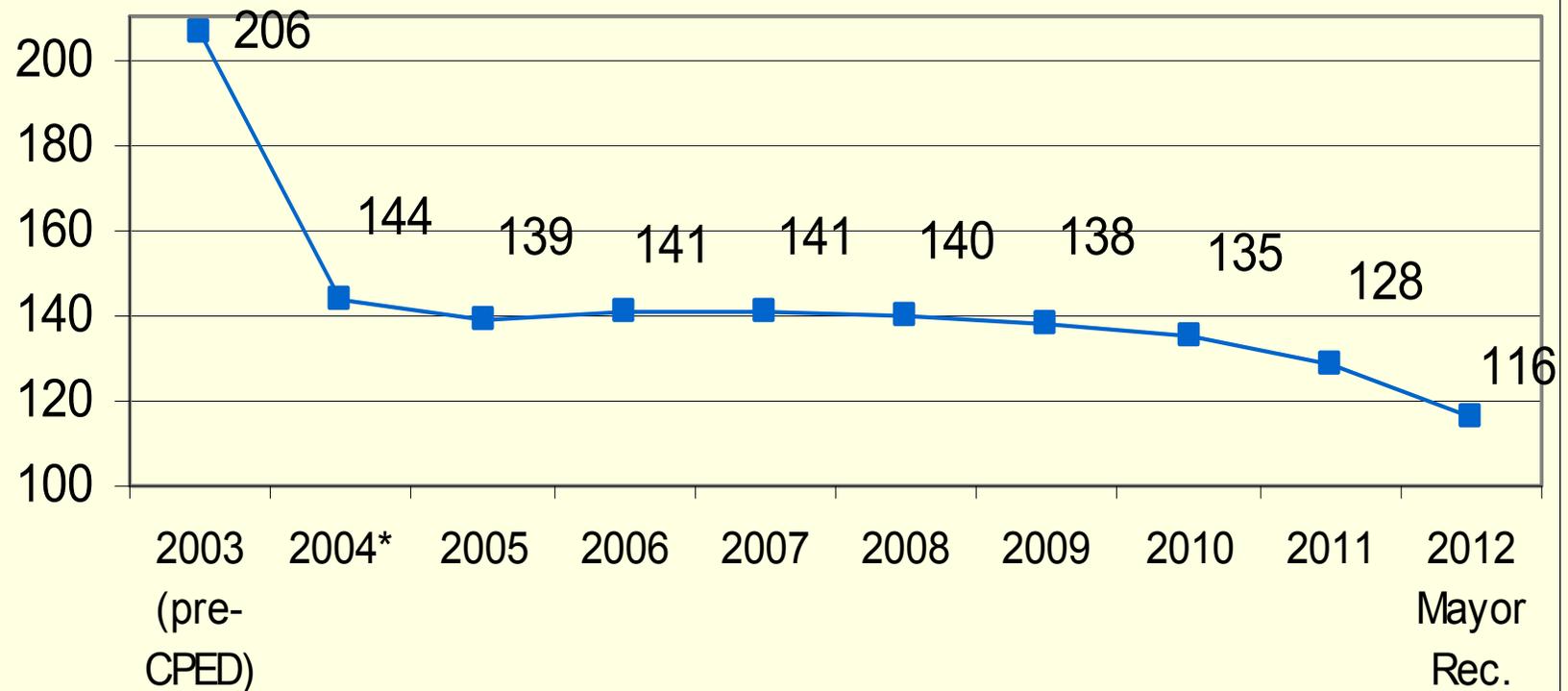
- 12 FTEs [128→116] [*e.g. lay-offs + Early Retirement Incentive*]
- Operating [*e.g. reduce property management costs*]
- Capital programs
- Overhead costs [*office space, internal services*]

## ■ Increase revenue

- +\$625 K of one-time GF, -\$398 K decrease to ongoing GF base
- + \$2.5 M Growth Fund beginning 2013
- + \$2 M Capital set-aside for dev. infrastructure
- Use of one-time \$ to bridge gap to 2015

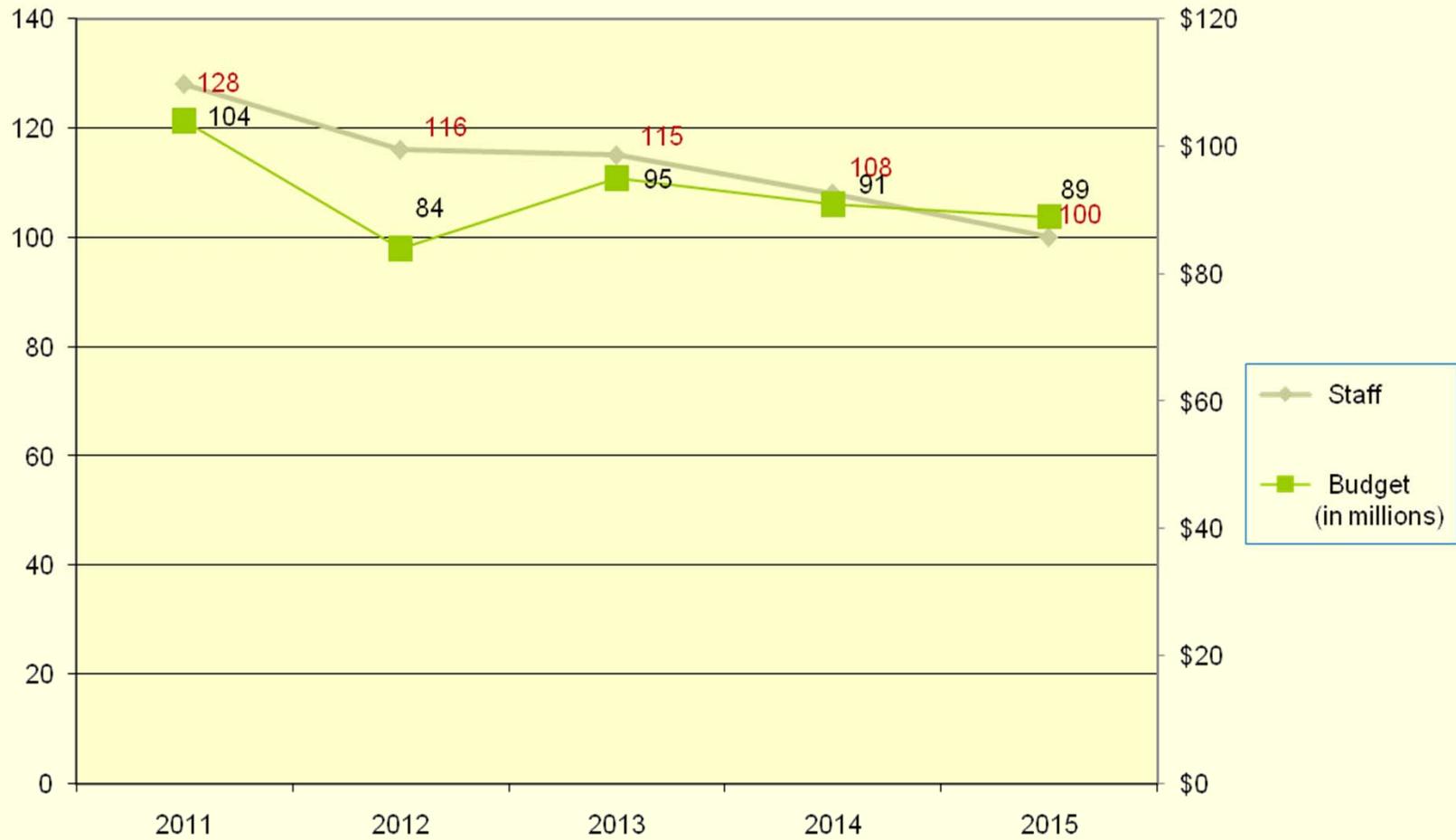
## ■ Pay down fund deficits

# Historical FTEs



\*After transfer of approximately 28 support FTEs to Finance, BIS, HR, and Communications, plus reduction of 34 in remaining staff

# Projected FTEs and Budget



\* - The operating budget amount includes inter-govt. transfers

# Overhead/Rate Model Costs

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- **Projected 2012 rate model cost to CPED: \$4.6 M**
- **Projected Gen Fund allocation to CPED: \$3.6 M**
- **Projected CPED Admin budget: \$2.7 M**
- **Overhead rate model growth from \$81 K in 2004 to \$4.6 M in 2012**

# Mayor's 2012 budget highlights

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## ■ Service enhancements

- Regional Export Growth Strategy - \$75 K
- Youth employment training - \$100 K
- Racial disparities in employment [with Civil Rights] \$300 K

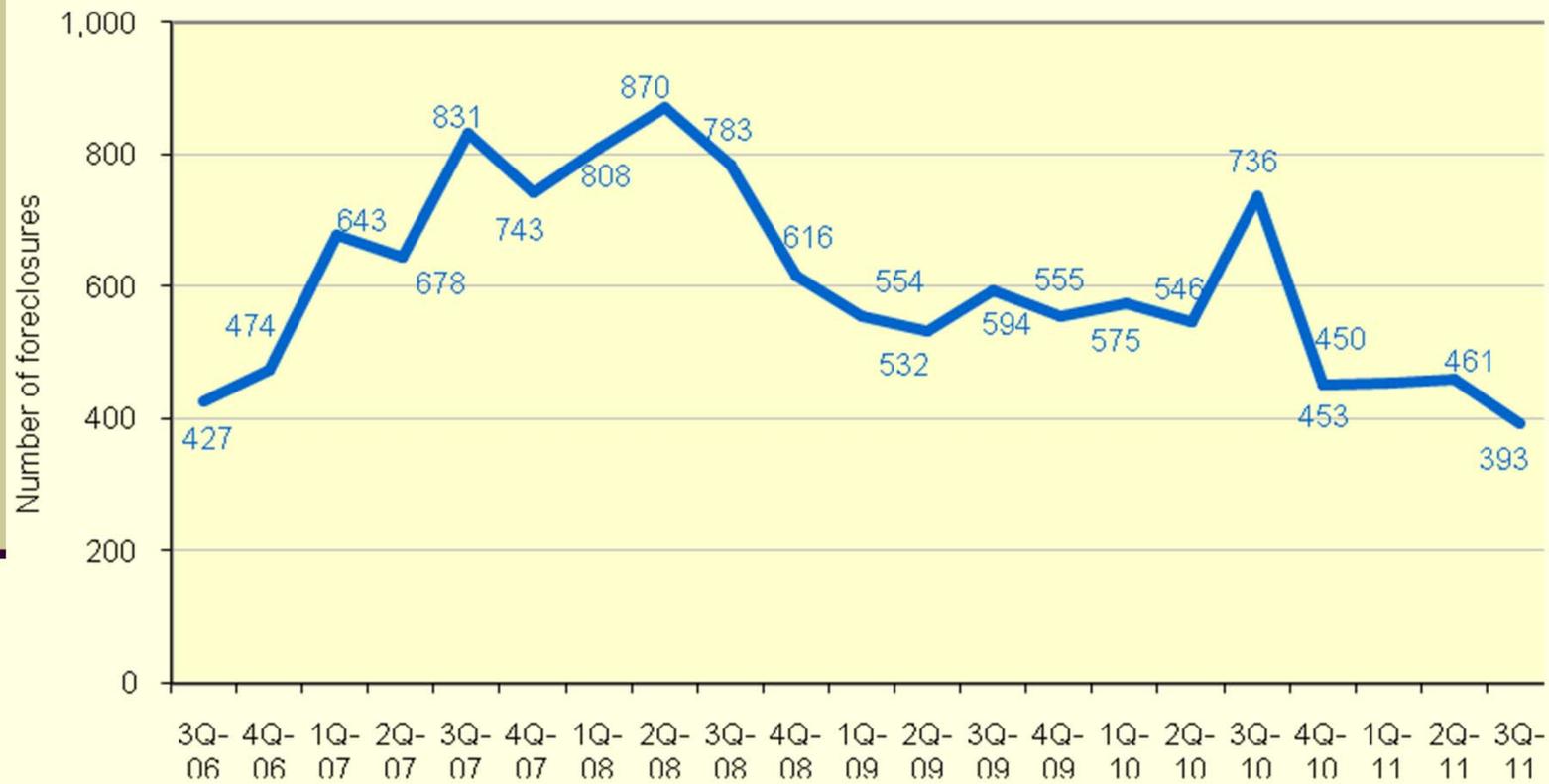
## ■ Service reductions

- Staff support to Arts Commission, CLIC; long range preservation planning; zoning inspections, text amendments
- Financial support to neighborhood business associations, city membership in public/private partnerships
- Affordable Homeownership, It's All About Kids, Tenant Housing Advocates, Mortgage Foreclosure Prevention\*

\* pursuing alternative funding options

# Trends & Challenges – Housing

Foreclosures still high but on downward trend . . .



# Trends & Challenges – Housing

Housing still stressed but many indicators moving in right direction:

Indicator	2009-2010 Trend
% properties with housing violations	Flat
% properties on Vacant/Boarded Registry	Down
Average time on VBR List	Up
% properties that were foreclosed	Flat
% SF Properties Non-Homesteaded	Up
% of Properties in Poor or Fair Condition	Down
% of Properties with Permits over \$5,000	Flat
Average Permit Value by Neighborhood	Up
Permit Value as a % of Residential EMV	Up
CPED Investment in Single Family Housing	Up
CPED Investment in Multi-Family Housing	Up
Median Single Family Detached Sales Price	Up
Median Residential EMV	Down

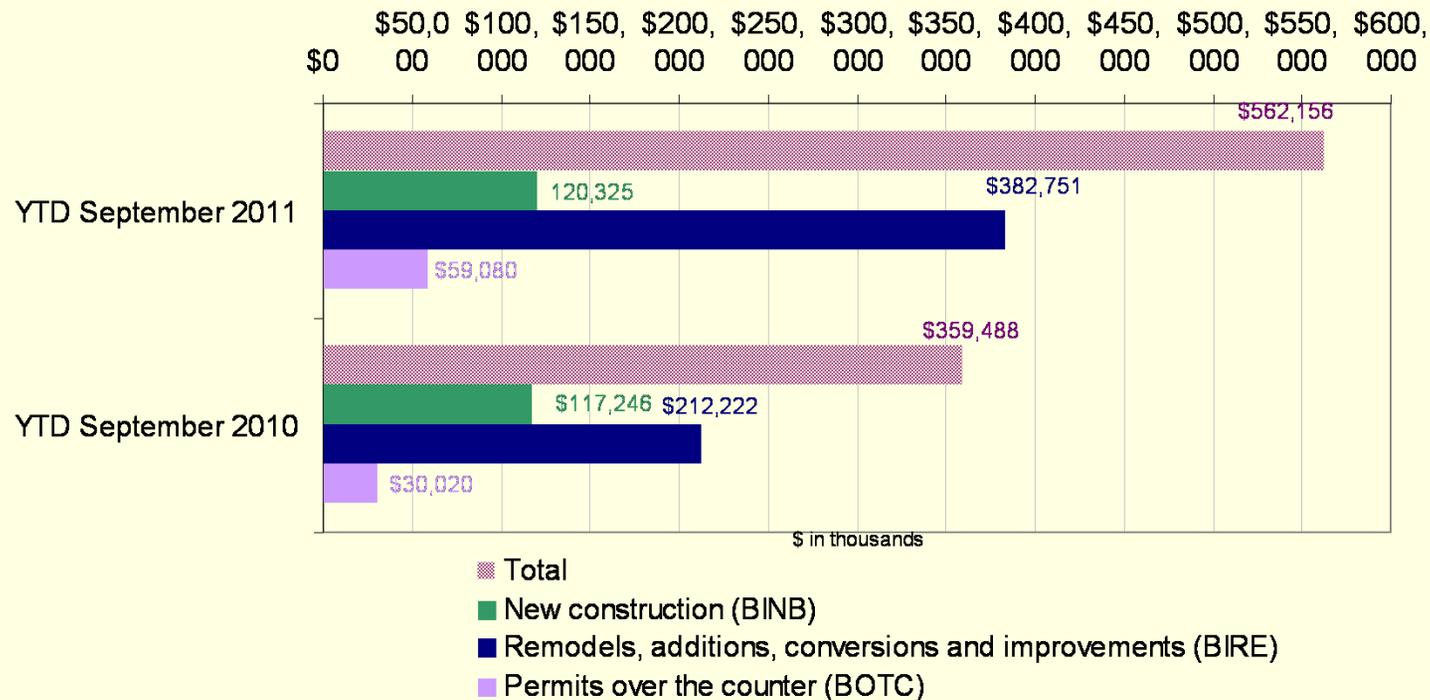
*Green shading = trend in positive direction*

# Trends & Challenges – Construction

## Construction activity up from last year:

### Permit Construction Volume: YTD September 2011 vs YTD September 2010

Source: Permits for new construction and remodels- Regulatory Services/COGNOS  
 Prepared by CPED-Research  
 October 4, 2011



# Trends & Challenges – Residential development

- Minneapolis continues to lead metro in residential construction of new units [per Builders Association of the Twin Cities]
- projected 2011 units permitted = 1000 +

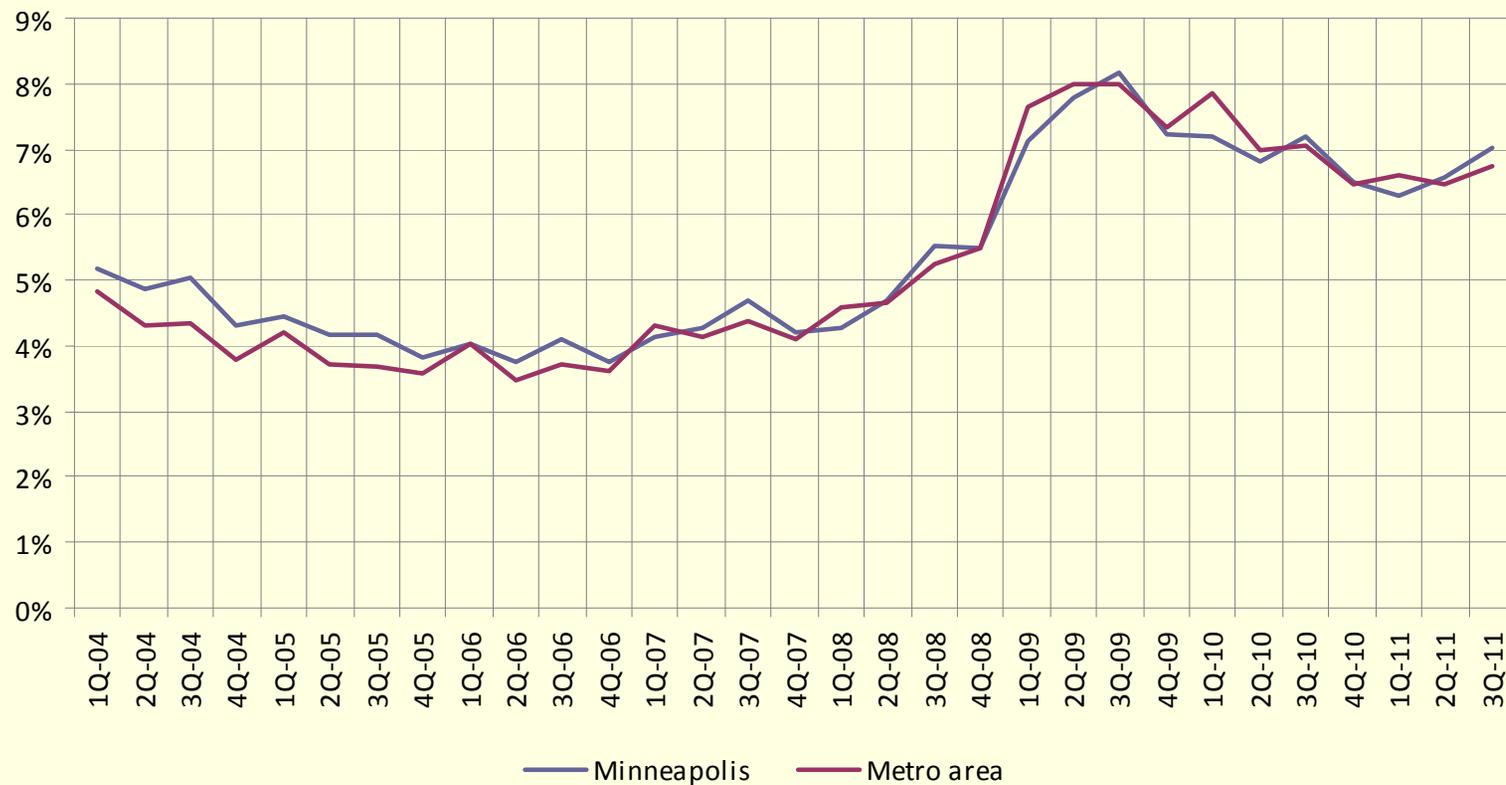
Rank	2006	2007	2008	2009	2010
1	Minneapolis 1,571	Minneapolis 1,012	Bloomington 464	Shakopee 328	Minneapolis 865
2	Woodbury 696	Woodbury 459	Minneapolis 417	Minneapolis & Blaine 274 (tie)	Woodbury 517
3	Lakeville 448	St Paul 409	Lakeville 414	-	Blaine 331
4	Otsego 428	Lakeville 374	Woodbury 351	Woodbury 245	Maple Grove 309
5	Brooklyn Park 419	St Paul Park 308	Maple Grove 328	Maple Grove 232	Bloomington 286

# Trends & Challenges – Jobs

## Quarterly unemployment rate, 2004 to 2011

Source: DEED-LAUS

CPED Research November 14, 2011



# Trends & Challenges – Jobs

## Jobs percentage change 2004 to 2010 2004=100%

Source: DEED - QCEW  
CPED-Research, November 2011



# W/MBE performance and opportunities

- CPED has led the City in negotiating workforce agreements on **ten major projects totaling \$1 billion+** in construction costs which cover not only W/MBE vendor goals but local and minority construction hiring goals; results so far include:
  - MBE and WBE goals exceeded for 7 completed workforce plans: MBE goal - 9.1%; actual 10.4%, WBE goal 9%, actual 10.7%
  - 167 local residents hired
  - Average achieved rate of 17.8% skilled minority hiring for construction jobs
  - Average achieved rate of 18.2% unskilled minority hiring for construction jobs
  - Average achieved rate of 6.2% female hiring for construction jobs
- NSP Phase 1 & 2 sub-contracts: 28% MBE, 12% WBE, and 27% HUD Section 3 low-income contractors through 3rd Quarter 2011
  - Of nearly \$10 million total contracted, over \$5 million (MBE/ Section 3 Only) of contracts have gone to local contractors and resulted in over 80 thousand hours of work. Our percentage of WBE/ MBE Sec 3 exceeds 55%.
- CPED will strive in the upcoming year to reach the new City goal of 25% W/MBE in our smaller, informal contracts, which currently total \$1.9 M: up to \$386 K of potential work

# Technology Initiatives

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- **Active participant on Land Management Project**
  
- **Engaged in Digital Inclusion Initiatives**
  - Connecting businesses on digital inclusion & community technology opportunities.
  - Participated in recent Technology Literacy Collaborative (TLC) Digital Inclusion forum.
  
- **Wireless**
  - CPED's "Why Minneapolis" marketing brochure notes Minneapolis's "Connections to the World"
  - CPED staff have signed up for the free USI-W user accounts
  - Pursuing resources (\$15,000) and agreements to Wi-Fi Midtown Global Market. Anticipated implementation: 1Q, 2012.
  - TOD related opportunities:
    - Locate Free USI Wireless (USI-W) Hotspots near bus stops & rail platforms.
    - Consider asking Metro Transit and USI-W to offer to allow Metro Transit "Go To Card" users discounted user access to wireless services.

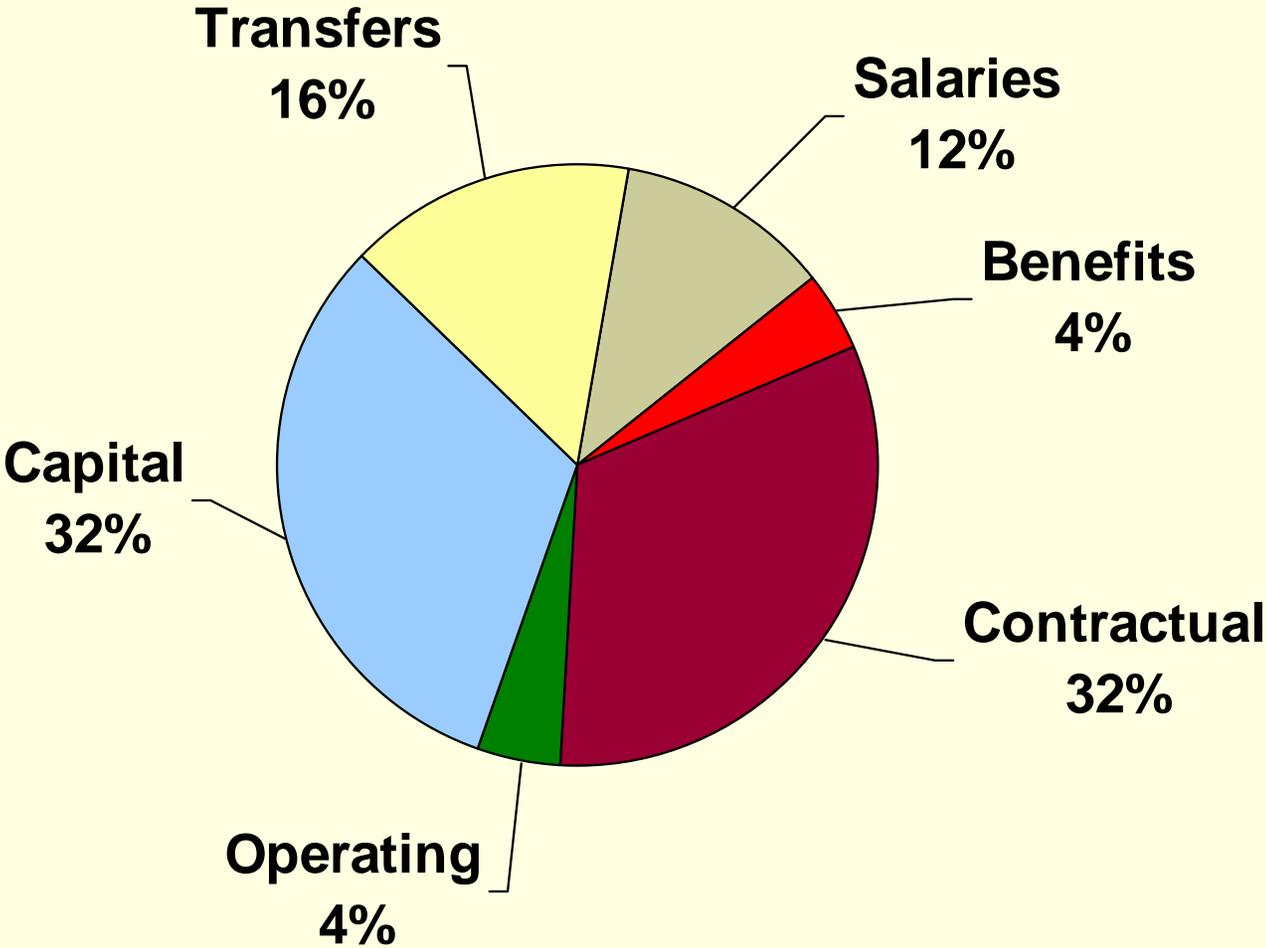
# CPED – 2012 Program Budget

## 2012 CPED MAYOR'S RECOMMENDED BUDGET

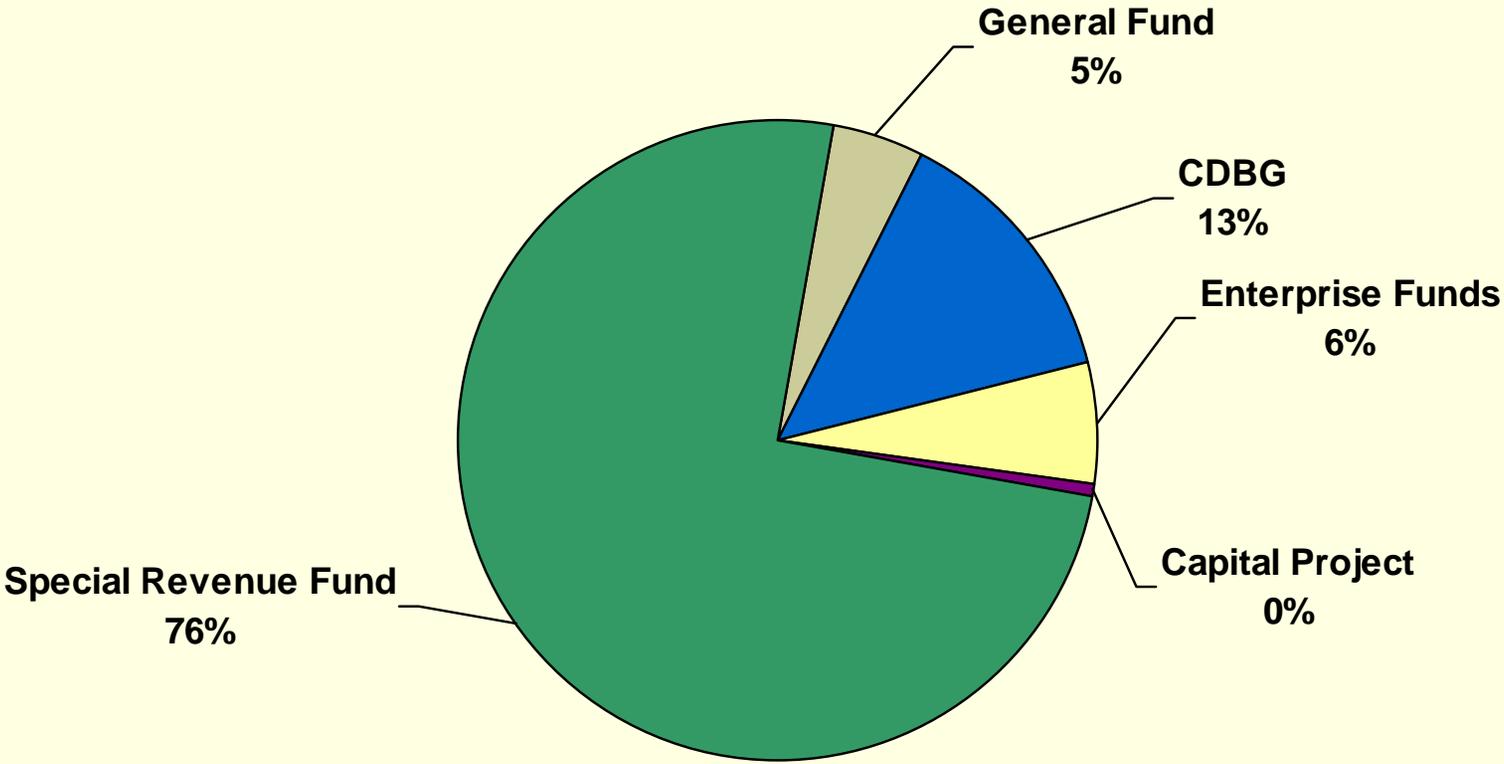
<u>City Goals</u>	<u>Program #</u>	<u>Program Description</u>	<u>General Fund</u>	<u>Other Funds</u>	<u>Total</u>
<u>Many People, One Minneapolis</u>					
	Program 12	Summer Jobs Program	179,299	4,262,518	4,441,817
<u>Jobs and Economic Vitality</u>					
	Program 4	Regional Planning & Development	353,369	327,975	681,344
	Program 5	One Minneapolis (RENEW)	300,000	0	300,000
	Program 9	Business Retention, Expansion and Attraction	0	7,828,960	7,828,960
	Program 11	Adult Workforce Development	0	5,079,303	5,079,303
<u>Livable Communities, Healthy Lives</u>					
	Program 1	Corridor Development	299,657	4,061,940	4,361,597
	Program 2	Community Stabilization	275,596	5,858,541	6,134,137
	Program 6	Transporation Planning and Management	361,361	163,502	524,863
	Program 7	Affordable Housing Development	0	8,301,732	8,301,732
	Program 8	Homeownership Support and Development	0	2,933,661	2,933,661
	Program 10	Homegrown Minneapolis	75,000	118,912	193,912
	Program 13	Public Art	0	345,490	345,490
	Program 14	Preservation, Protection and Design of Built and Natural Environments	1,710,767	891,406	2,602,173
<u>A City that Works</u>					
	Program 15	Transfers and Debt Service	0	29,580,478	29,580,478
	TOTAL		3,555,049	69,754,418	73,309,467

See Mayor's Recommended Budget book page 347 for detailed Program descriptions

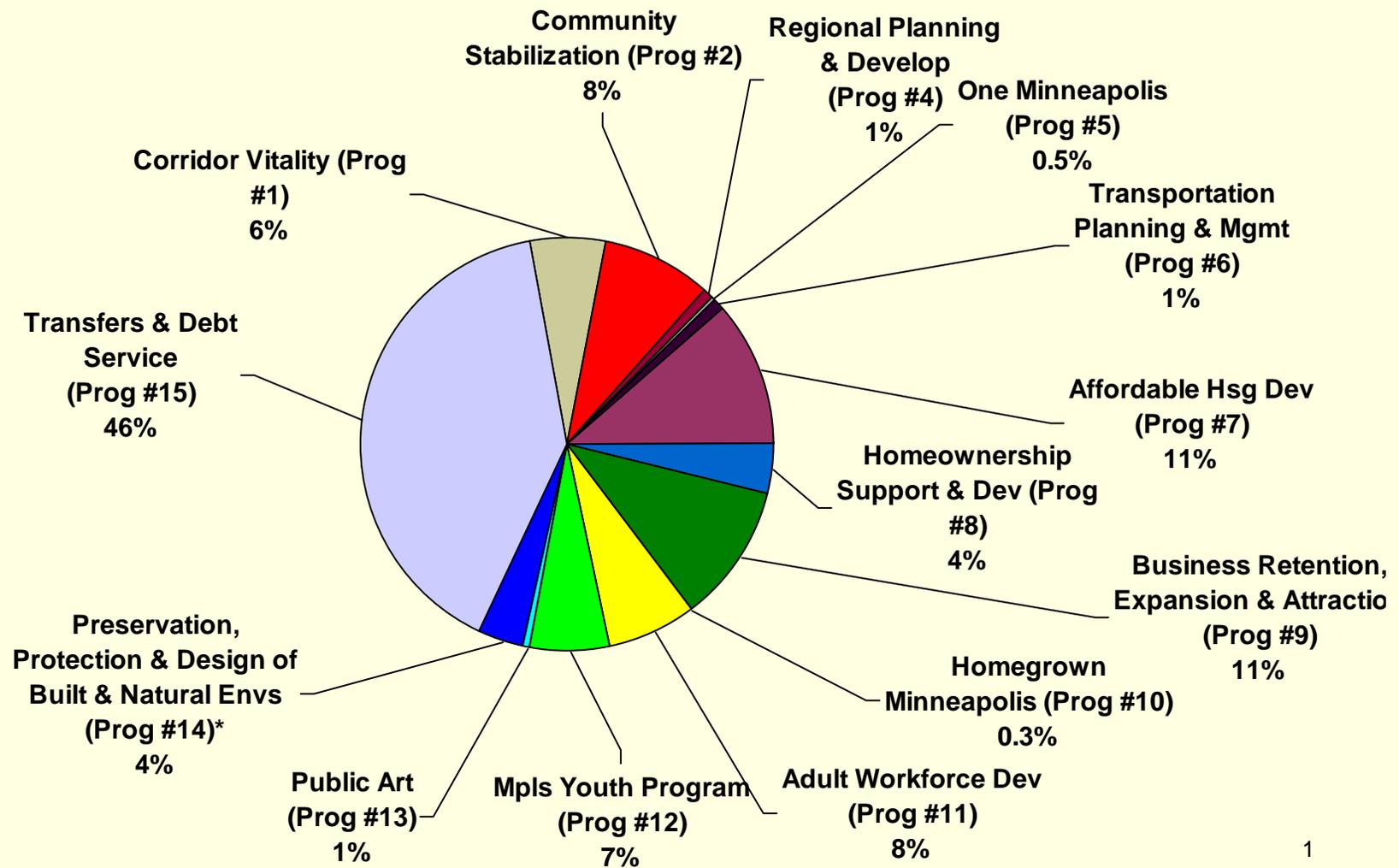
# Expenditures by Type (\$73.3 million)



# Expenditures by Fund (\$73.3 million)



# Expenditures by Program (\$73.3 million)



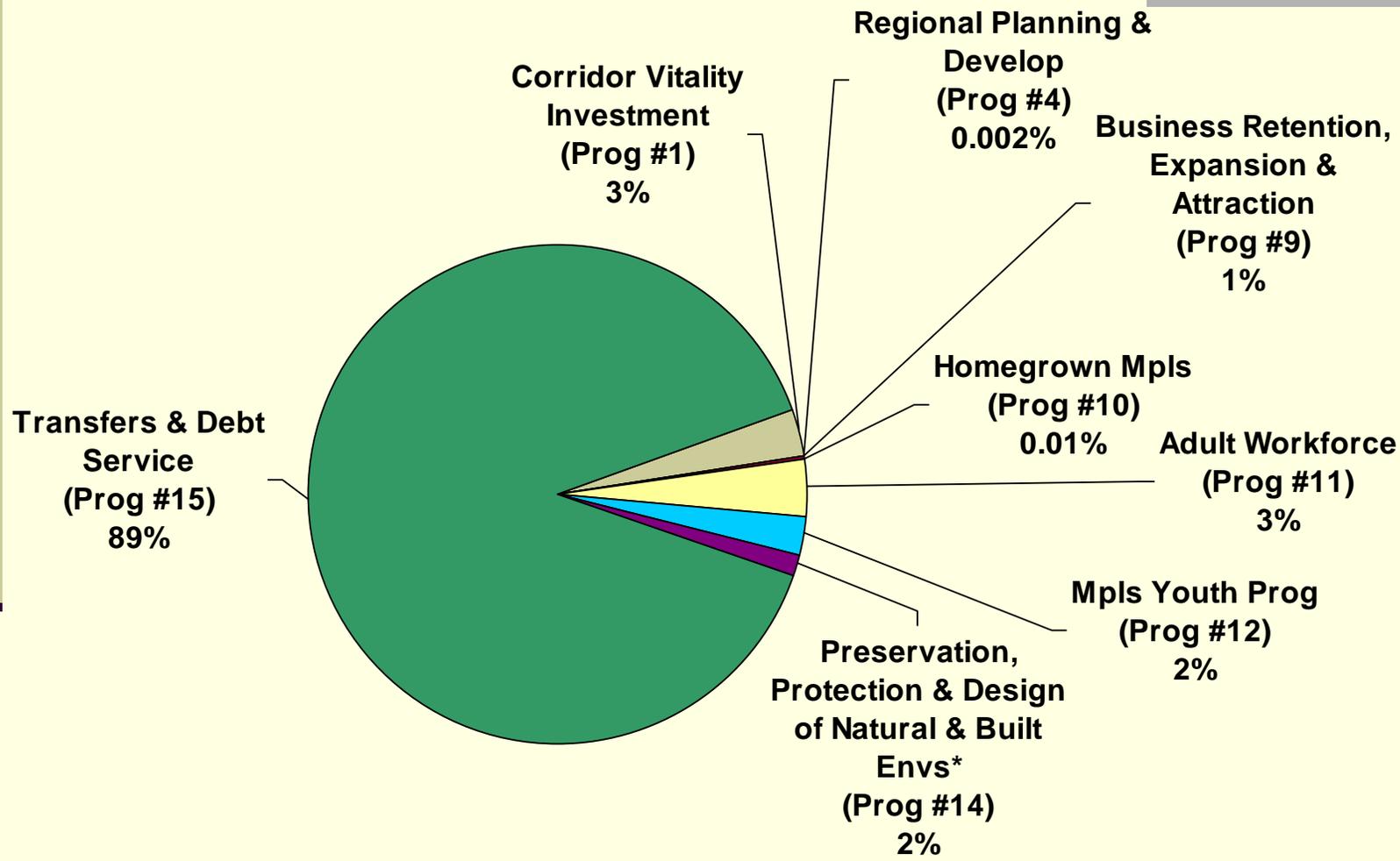
\* - includes Zoning as required by law

# Department Budget Offset by Revenue

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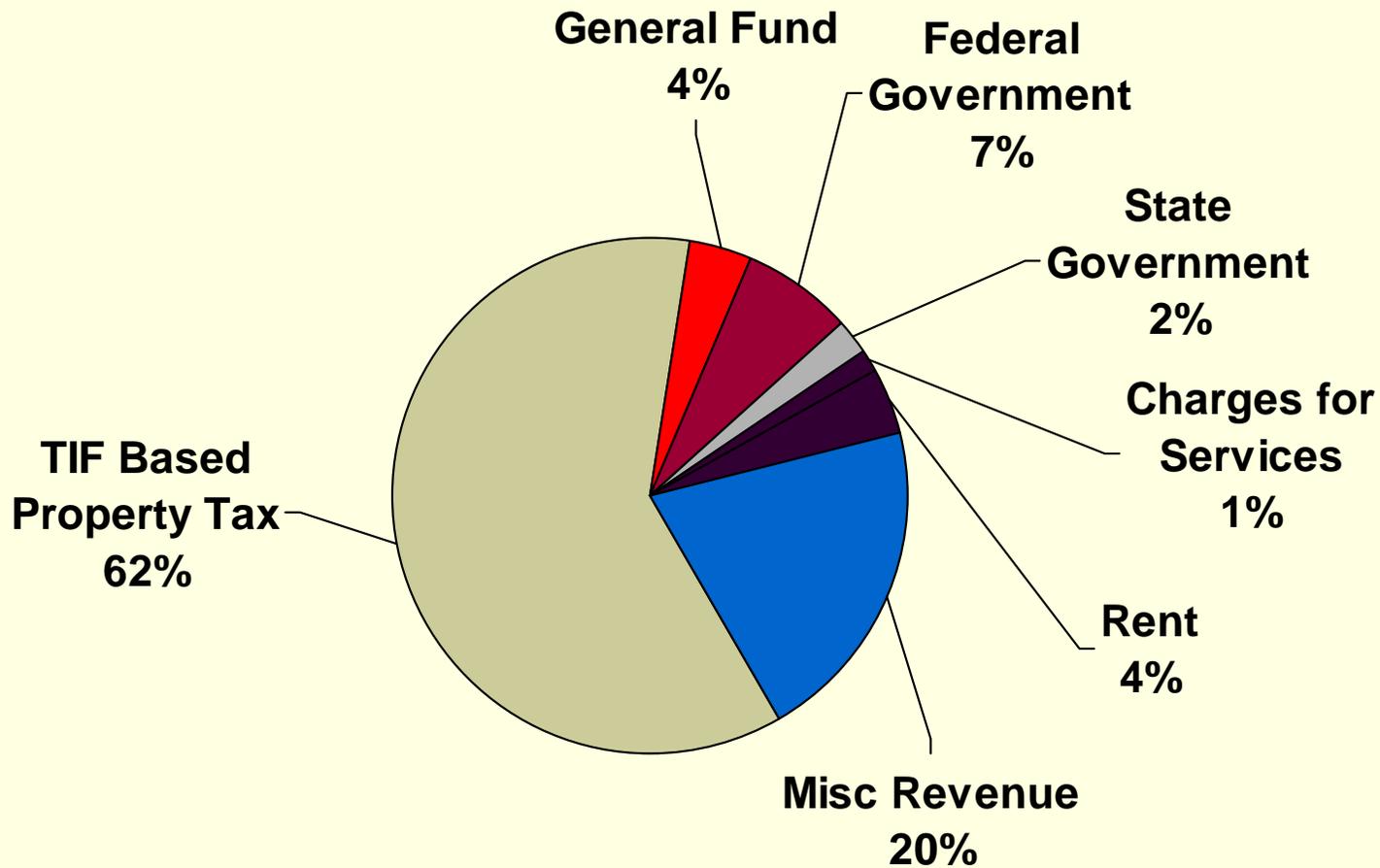
- CPED's total budget - \$73.3 million
- General Fund budget - \$3,555,049
- General Fund Overhead revenue - \$323,563

# Direct Revenue by Program (\$87.1 million)

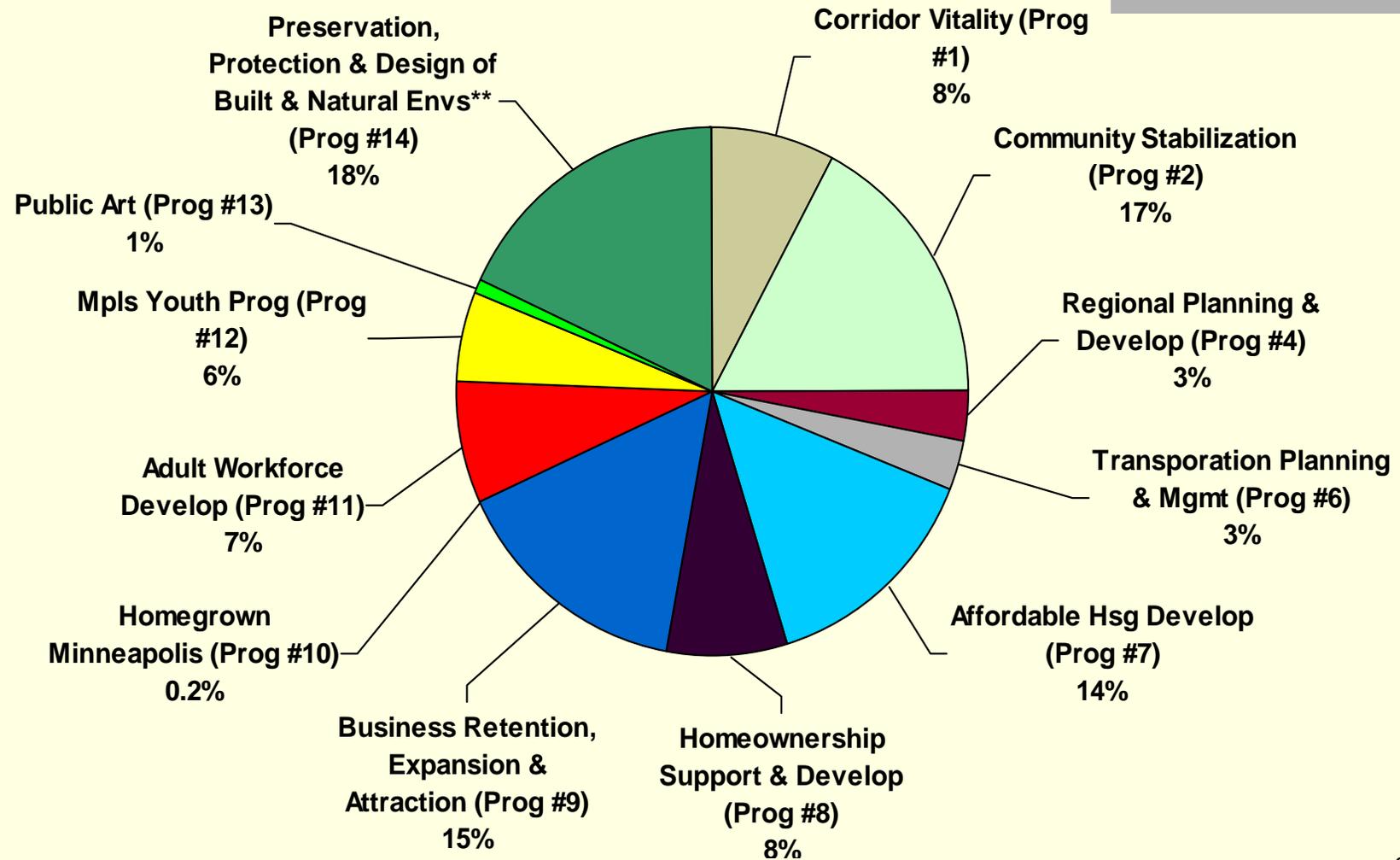


\* - includes Zoning as required by law

# Direct Revenue by Type (\$87.1 million)



# Positions by Program (116)\*



\* - as per Budget Office clarification

\*\* - includes Zoning as required by law