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Government Management

The Coordinator's Office provided information about its various functions and accomplishments.

Neighborhood Revitalization Program (NRP) information came, in part, from NRP staff.

Finance Department and Board of Estimate and Taxation documents were two principal sources of financial information in the Government Management section of this document. ***State of the City*** acknowledges the help given by staff from both these departments.

Another major source of financial data and recommended 2000 priorities was the ***Mayor's 2000 Recommended Budget Summary-City of Minneapolis***. The proposed budget was released in November 1999.

Data for the tax increment finance district portion was reviewed and updated by Minneapolis Community Development Agency staff.

This chapter can also be found on the city's web site at: *www.ci.minneapolis.mn.us/planning*

Management and Administration
Information and Technology Services
Human Resources
Finance
Communications
Intergovernmental Relations
Operations and Regulatory Services
Priorities 2000
Neighborhood Revitalization Program
City Revenues and Expenditures
Property Tax
Tax Increment Financing
City Debt
Debt Capacity-Total Debt
Debt Capacity-Property Tax Supported Debt

City government in Minneapolis is experiencing great change. In response to changing customers, increased public accountability, changing technology, fewer resources from federal and state government, and competition for city services, the city must ensure excellence in the services it delivers. To do this, city government must work together as an enterprise with a shared vision, and it must have management systems that support the delivery of services to the citizens of Minneapolis. The Minneapolis City Coordinator's Office is leading the change and ensuring that changes are integrated and in alignment throughout the organization.

The role of the City Coordinator is defined by three key responsibilities:

1) To assist the Mayor and City Council in defining city policy and establishing priorities;
2) To mobilize the Charter Department Heads and Coordinator's staff to implement the Mayor's and City Council's priorities; and
3) To strengthen the management systems of the city.

Major initiatives for each of these areas are listed below:

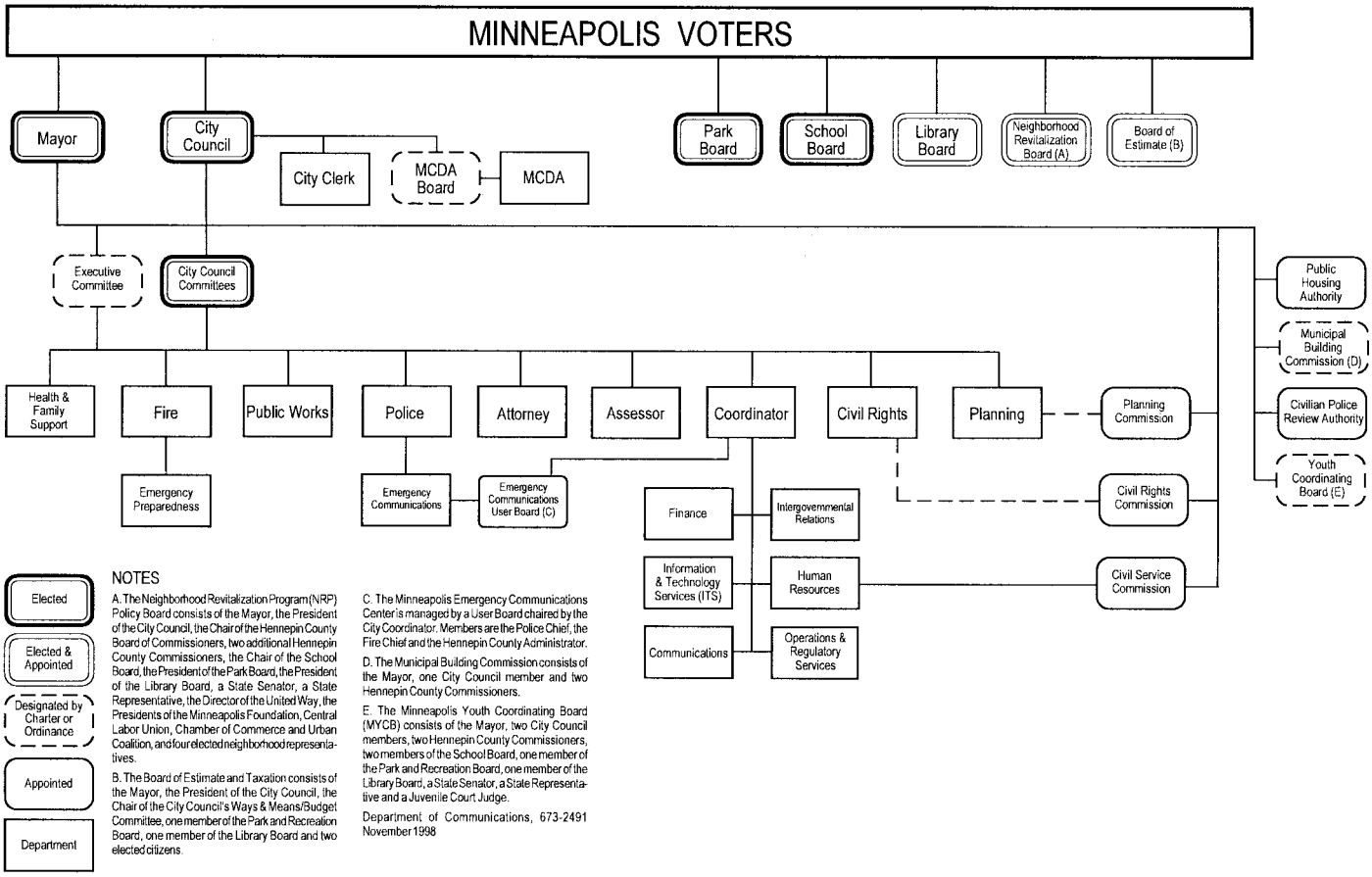
City Goals

The process of setting goals and a shared action plan improves the opportunity for collaborative work and outcomes throughout the following year. The goals and their supportive action plan become the blueprint for setting priorities, dedicating time and expending resources. The strategic planning effort gives elected and appointed leadership, as well as city staff, the chance to focus on the same set of priorities and concerns.

In 1999, the Mayor and City Council reaffirmed the City Goals established during the 1998 Strategic Planning Process. The City Goals for the year 2000 are as follows:

- Increase the city's population and tax base by developing and supporting housing choices citywide through preservation of existing housing and new construction.
- Increase safety and confidence in the City of Minneapolis through effective and efficient law enforcement and prosecution, and criminal justice system reform.
- Strengthen the participation of all citizens, including children, in the economic and civic life of the community.

City of Minneapolis



NOTES

A. The Neighborhood Revitalization Program (NRP) Policy Board consists of the Mayor, the President of the City Council, the Chair of the Hennepin County Board of Commissioners, two additional Hennepin County Commissioners, the Chair of the School Board, the President of the Park Board, the President of the Library Board, a State Senator, a State Representative, the Director of the United Way, the Presidents of the Minneapolis Foundation, Central Labor Union, Chamber of Commerce and Urban Coalition, and four elected neighborhood representatives.

B. The Board of Estimate and Taxation consists of the Mayor, the President of the City Council, the Chair of the City Council's Ways & Means/Budget Committee, one member of the Park and Recreation Board, one member of the Library Board and two elected citizens.

C. The Minneapolis Emergency Communications Center is managed by a User Board chaired by the City Coordinator. Members are the Police Chief, the Fire Chief and the Hennepin County Administrator.

D. The Municipal Building Commission consists of the Mayor, one City Council member and two Hennepin County Commissioners.

E. The Minneapolis Youth Coordinating Board (MYCB) consists of the Mayor, two City Council members, two Hennepin County Commissioners, two members of the School Board, one member of the Park and Recreation Board, one member of the Library Board, a State Senator, a State Representative and a Juvenile Court Judge.

Department of Communications, 673-2491
November 1998

- Create strong vital commercial corridors citywide through mixed-use development, including a variety of businesses and creative housing.
- Improve public transportation to get people to jobs, school and fun.
- Preserve, enhance and create a sustainable natural and historic environment citywide.
- Market downtown as a place to live, work, play and do business.
- Strengthen our city through infrastructure investments.

Enterprise Performance Measurement
In April 1999, the Mayor and City Council officially adopted an enterprise-wide performance measurement system. This action was the result of six months of work by an interdepartmental work team focused on creating a system of performance measurement that is useful to managers, meaningful to elected officials and integrated into the city's core processes. The results of the work team's research and discussions have led to a performance measurement model with the following elements: development of outcome, efficiency and effectiveness measures; alignment with core processes using objectives; and definition of the roles of elected officials and department heads. Since adoption of the Performance Measurement Model in April, the city's management team has worked to implement the Model. First, individual departments were asked to identify efficiency and effectiveness measures for each of their service activities. Following this exercise, the Priorities work teams developed draft objectives for each of the City Goals, as well as draft outcome measures for the goals and objectives. These drafts were reviewed by the Mayor and City Council and amended to reflect their input. Implementation of the Enterprise Performance Measurement model will continue throughout 2000.

Mobilize the Charter Department Heads and Coordinator's staff to implement the Mayor and City Council's priorities

Convention Center Completion
In May 1999, construction began on the $191 million expansion of the Minneapolis Convention Center. The 650,000 square foot expansion will nearly double the exhibit space and add needed meeting rooms and support space. Also planned is a 3,400 seat auditorium with revolving turntables that will accommodate smaller meetings. Completion is scheduled for winter 2002. The expansion is guided by the Convention Center Implementation Committee composed of the Mayor, City Council President, the 7th Ward Council Member, the City Coordinator, the Executive Director of the MCDA, and business and community representatives.

Near Northside Implementation Committee
In April 1998, the City Council established an interdepartmental, interjurisdictional implementation committee to oversee redevelopment of a 73-acre public housing site in north Minneapolis. Major project elements will include 450-750 new housing units, of which 25 percent will be public housing and 75 percent will be priced to serve a broad range of incomes, a new 36-acre parkland amenity, together with institutional and commercial uses to support the new residential community. In summer 1999, the Mayor and City Council selected McCormack Baron, a firm recognized nationally for their work on mixed income developments, as the Master Developer. Throughout the fall, the development team conducted roundtable discussions, planning sessions and public meetings to develop the master plan. The master plan will be completed in March 2000, and construction will be underway in the summer of 2000. While the project phasing schedule has yet to be determined, it is highly likely that the first phase will be on the Sumner Field site (north of Olson Highway). The second phase south of Olson Highway will commence in 2001. The project will be built and occupied by 2002. Total project costs of $135 million will be funded from various sources, including the Hollman settlement and the Empowerment Zone.

New Central Library Implementation Committee
Recognizing that the current Central Library is inadequate to meet the needs of the citizens of Minneapolis, in June 1998, a joint resolution of the Minneapolis City Council and the Minneapolis Library Board established the New Central Library Implementation Committee. The Committee consists of the Mayor, the President of the Minneapolis Public Library, two Library Board members, two City Council members, library users, representatives of the business community and downtown residents. The City Coordinator and the Library Director are the executive sponsors directing this effort. In 1999, the Implementation Committee worked to develop the program and preliminary building design requirements, identified potential sites, and developed preliminary funding strategies. The Implementation Committee recommended demolishing the existing library and developing a new 350,000 square foot library constructed on an adjacent site. A public parking garage may also be included in the project. Total project costs are estimated at approximately $120 million, excluding parking. Funding for the project is proposed to come from multiple sources, including private contributions, state bonding, tax increment financing, and general obligation bonds authorized through a referendum. Construction is planned for 2003 – 2005, assuming funding is secured in 2000 – 2002.

Avenue of the Arts
Third Avenue South links the historic Minneapolis Riverfront with the Minneapolis Institute of Arts. Recognizing the unique opportunity for building upon the realignment and streetscape improvements associated with the Convention Center Completion Project, the City Council established the Avenue of the Arts Implementation Board in May 1998. The Board consists of the Mayor, Council Members representing the 6th and 7th Wards, major institutions and property owners, neighborhood representatives, and seven at large members.

In 1999, the Board developed the conceptual plan for the Avenue of the Arts, including recommended design elements, improvements in the public right-of-way, and funding mechanisms. 1999 also saw exciting commitments from private sector partners in the form of bridge enhancements and public art along the avenue.

Minneapolis Empowerment Zone
In January 1999, the city received Federal Empowerment Zone (EZ) designation for defined areas in near south, near north and the east side of the city for a ten-year period. Benefits of the designation include cash grants, credit on federal grant applications, tax-exempt financing and tax credits. The City Coordinator oversees the EZ and selected an EZ Director in the summer of 1999 to lead this initiative. The EZ Director, in collaboration with city departments, other jurisdictions, and private and not-for-profit partners, focuses on how to utilize the EZ to build community in the EZ area and to strengthen delivery of city partnership and service delivery to the EZ residents and businesses.

The Goals of the EZ are the following:
- Economic development strategies that generate living wage jobs and community sustainability;
- Access to a variety of housing options that promote family and community stability;
- Neighborhood-based strategies that help residents combat drug-related activity, reduce juvenile crime, and create safe neighborhoods;
- A comprehensive pre-K through life education system that prepares all Minneapolis learners to participate in the economic and social fabric of the community'; and
- Coordinated community-based services that nurture and support young people and their families.

Demonstration projects for the Empowerment Zone include the Near Northside redevelopment, the Great Lake Center, and the Southeast Industrial Area.

Office of Cultural Affairs
In the 1999 budget, the Mayor and City Council directed the City Coordinator to establish an Office of Cultural Affairs. The Office of Cultural Affairs will promote Minneapolis as a center of arts and culture, will coordinate community action to foster the arts, will work to educate the public regarding the significant benefits of the arts, and will identify opportunities for funding arts and cultural initiatives in Minneapolis.

Neighborhood Revitalization Program
The Neighborhood Revitalization Program (NRP), Minneapolis' neighborhood-based planning initiative, will be embarking on its second phase in 2001. The City Coordinator staffs the NRP Policy Board's Phase II Planning Steering Committee. In 1999, the Steering Committee oversaw the identification of the financial issues related to Phase II and the development and adoption of the Goals for Phase II. In 2000, the Policy Board will adopt the program operations principles and strategies for Phase II.

Y2K Community Preparedness
In response to constituent concerns regarding potential disruptions of service due to Year 2000 computer problems, the Mayor and City Council approved the establishment of the City of Minneapolis Y2K Community Preparedness Task Force. The Task Force was co-chaired by the Assistant to the City Coordinator and the Director of Emergency Preparedness. Members of the task force included neighborhood residents and representatives from public safety, communications, planning, neighborhood services, CCP/SAFE, and the American Red Cross. The Task Force developed a Community Preparedness Plan which was distributed to nearly 10,000 residents, block clubs, neighborhood and community organizations, businesses, social service agencies, faith-based organizations and libraries. The Task Force sponsored four citywide meetings to share information with concerned citizens and talk about emergency preparedness. In addition to the four citywide meetings, task force members appeared as guest speakers at many other community meetings on the subject.

Management Team Building
The City Coordinator initiated Management Teambuilding efforts in 1995 in order to build cohesion and alignment among the management of the entire city. In 1999, the city's department heads focused on bringing new members of the management team up to speed, reviewing what they have accomplished as a team, reaching a common understanding of some of the hurdles in the enterprise going forward, developing a shared understanding of uncertainty and unpredictability, revisiting and reaffirming the value of anticipatory skills, and developing an understanding of the leadership roles of department heads and elected officials. Outcomes of the retreat included a blueprint for succession planning, recommendations for changing the Priorities process, and identification of what makes for successful change in the city.

Space and Asset Management
The City Coordinator, the City Engineer, and their staffs developed a comprehensive facilities management program to address the facilities needs of city departments and services. In June 1999, the City Council and Mayor adopted the facilities management model and directed the City Coordinator and City Engineer to implement the model. The City Coordinator assigned the City Finance Officer to oversee the Space and Asset Management component of the model. In November 1999, the Space and Asset Manager was hired and began to implement the Facilities Management program with the Facility Manager in Public Works.

In 1999, ITS continued to make progress towards supplying and supporting efficient and reliable information systems through collaboration with our business partners. ITS balanced its focus between improving business applications, building and supporting IT infrastructure, Year 2000 compliance, ITS management practices, and telecommunications, with Year 2000 compliance getting the greater part of its attention.

Year 2000
As we prepare to enter the new millennium, the City of Minneapolis can be confident that the city's house is in order, relative to Y2K. Through a comprehensive Y2K Program, the city has addressed the "Life and Safety" critical systems that support essential services such as 911, police, fire, water and traffic management. All city ITS systems have been identified, ranked by criticality, and fixed and tested as appropriate. Furthermore, detailed contingency plans have been established to cover "what if?" scenarios relative to critical "Life and Safety" systems and the services they support. The city has also contacted nearly 4,000 of its vendors to ascertain their degree of Y2K readiness and their ability to continue to provide needed materials and supplies to the city. Finally, a Y2K Community Preparedness Plan has been developed to inform citizens and provide them with helpful suggestions on preparing for Y2K.

In assessing the work done on Y2K, the City of Minneapolis scored an "A" on an October 1, Y2K Report Card. The target date of October 1 for all "Life and Safety" systems has been achieved with the exception of two systems, Traffic Lights, and the Convention Center Security System. Both are nearing completion, with November 15, 1999 as the target completion date.

Finance and Human Resources
FISCOL (Financial Information System - City of Lakes): - The City's financial management enterprise system was successfully upgraded to the latest version in March of 1998. Since then, there has been a productive year using the system that is maintaining 35+ million records of city financial data, from 10-cent inventory items to multi-million dollar investments. This year new reporting systems have been added to help transform that data into knowledge, increasing the city's financial discernment by making the information more accessible with on-line report viewing.

MUPS (Municipal Utility Package System): - The city's water, sewer, solid waste, and recycling billing system was successfully implemented to replace the old Utility Billing and Solid Waste and Recycling systems. Customers received their first utility bills from MUPS in August of 1999. The old system was not Y2K compliant and lacked functionality.

HRIS (Human Resources Information System): - The city's human resource management enterprise system executed a major update in September 1999. The hardware, operating system, and database were upgraded and the most recent version of PeopleSoft was installed. New functionality for recruitment/staffing and training administration were implemented to increase the efficiency and effectiveness of Human Resource management.

GIS (Geographical Information Systems): For two years the city has been building the Enterprise foundation for GIS and many people have invested hundreds of hours in documenting GIS business processes city-wide. The city is now entering the deployment phase of the GIS 2000 program. This business process driven tool will bring an enormous amount of information to the desktop, empowering the average city employee to be more informed and more productive. To reach the full potential of the GIS Enterprise system the city will need committed interdepartmental leadership and realization of shared Enterprise Information Management ownership.

BIIS (Business Inspection and information system): The second step of the multi-year project has been completed, supporting Permitting, Development Review, and Inspections. The changes in business process along with the installation of the software have greatly enhanced customer service and interoffice communication between Permitting, Zoning, and Inspections. The City Coordinator's Office is now working with Regulatory Services to improve their operations through streamlining business processes, as a part of implementing the third step in the BIIS deployment process, which includes Business Licensing, Special Assessments, and Annual Billings. Other departments with inspection functions are also reviewing how they might align the BIIS System and their business processes.

Assessor: As a result of Y2K, ITS aggressively implemented a rewrite of the Assessor application in a six month period. Moving from the mainframe onto a client/server system. With this new technology in place the city is in line for the Assessor's Phase 3 redesign scheduled for 2000.

Public Safety
CAPRS: - The police records management system was completely rewritten and upgraded in 1999 to fix existing Y2K problems.

911 (Computer Aided Dispatch system): - This system was also rewritten to fix Y2K problems. The endeavor involved both the rewrite of the existing code and the installation of new 911 computer and phone systems. A complete "end to end" test of the 911 system with USWest was conducted to simulate the turnover of the New Year. This was the first "end to end" test of a 911 phone system in the country.

Minneapolis Police Department Timekeeping system: - This new system was developed to give local commanders the information they need to manage overtime. This

is an example of a system expected to have a clear and significant financial payback.

Fire Record Management: - A new Records Management System was developed in exceptionally short time to address Y2K issues. This effort could not have been completed successfully without an unprecedented level of interdepartmental teamwork.

An Intranet application to automate the annual "vacation draw" process for the Fire Department was also developed. Using Intranet technology the firefighters are able to share information through a "browser" without the cost and effort of installing the software at each fire station.

ITS/MPD merger: - An MPD IT needs analysis was performed. This review helped to clearly differentiate departmental needs from enterprise needs. The examination promoted leveraging existing ITS enterprise technology investments and encouraged avoidance of the added expense of multiple departmental systems that provide similar functions. The ITS/MPD partnership is continuing to develop.

IT Infrastructure

Desktop Services: - With the continued rollout of the Standard Image Workstations, 99 percent of city departments now have the New Standard Workstation. This progression of the architecture standardization is enhancing city employees ability to share information.

The city is now in the process of deploying new ITS management tools, which will allow remote inventories of workstations and distribution of new or revised applications from a central location.

Network: - The city's wide-area network was upgraded for higher band-width and increased reliability. Also the implementation of Phase I Remote Computing has offered employees the ability to access their desktop and other machines within the city from external locations, establishing a more secure environment and preventing unauthorized access.

A Server consolidation initiative is underway. Several servers have migrated from department/stand alone servers to Enterprise servers. Moving into a central location onto the standard Unix or NT platforms. Standard procedures for support, back-up recovery and general maintenance have been implemented. This centralization, standardization and combining of servers has reduced the number of servers and domains requiring support.

Internet: - The city's presence on the World Wide Web continued to grow in 1999. The Internet site will provide more than 800,000 users with nearly 2 million pages of information in 1999. More than 200 people per day receive information on city jobs. During a Snow Emergency more than 4,000 people per day use the site to learn where to park. An expansion of 200 publishing projects expanded the amount of information available to the public. Police, City Clerk, and Inspections were among the departments that added major content to the site. Commonly requested maps were another addition.

Intranet: - The internal web site for the city provides easy access to policies, procedures and records. It is also a platform for applications that access data and provide an opportunity for electronic collaboration across departmental lines. Human Resources, Finance, Communications and the City Clerk helped create the equivalent of 5,000 printed pages of information during the first six months of operation. Each month, use of the Intranet increases about 20 percent. One such increase in use will be departments accessing property data such as BIIS, Assessor, and Fire through the Intranet.

IT Management:

ITS Management Focuses:

- Aligning technology investments with city goals;
- Insuring reasonable pay back and benefit from technology investments;
- Advising the city of possible IT solutions for business enterprise applications;
- Coordinating the use and implementation of technology and information resources;
- Meeting cross-departmental needs more effectively;
- Building a unified approach for the entire city;
- Ensuring that the "business" of IT runs as smoothly and effectively as possible;
- Creating effective approaches to information systems policies and support;
- Preparing, presenting, and monitoring budgets; and,
- Implementing quality management processes.

The Human Resources Department initiated Phase II of HR Reform. Its goal is to clearly understand the needs of internal customers and provide superior service that adds value to the overall goals of the City of Minneapolis.

HR Reform - Phase II
HR Reform - Phase II was begun by asking its customers for their input about progress during HR Reform - Phase I. Over 900 employees completed a written survey. Individual interviews were conducted and focus groups held that included over 200 managers, supervisors and elected officials. A thorough analysis of the data showed:

- A need to be recruiting in new ways and much more aggressively;
- Implementation of the HR Generalist model makes sense, but still needs further development;
- Need to improve the testing and screening processes when hiring new employees;
- Need to better understand operating department business needs, need to be more responsive and available;
- Training has improved, but needs to deliver more customized training;
- Labor Relations has improved; and,
- There is a need to fully implement the HRIS.

Before setting a new course, the Human Resources management team also studied the labor market, the economic conditions effecting the City of Minneapolis, technological trends, legal developments and workplace trends. All these variables also dramatically effect the nature of human resources management.

HR Reform - Key Initiatives
With the help of consultants from Pepperdine University and MDA Consulting Group, the HR management team established four key initiatives for the next two years. Each key initiative now has a project team working toward explicitly defined outcomes. Project leaders went through sophisticated project planning and management training and have developed project plans that include detailed timelines, deliverables, milestones, cost projections, quality measures, staffing needs, risk analysis and contingency plans, communication plans, and evaluation methods.

- **Workforce Planning** - Develop Workforce Action Plans for all city departments during the year 2000. Each Workforce Action Plan will contain at least three year projections, detailed "fit-gap" analysis regarding needed skills and positions, specific training and development plans to fill the gaps for current employees, realistic recruitment plans, and detailed succession plans for key positions.

- **Improve Recruiting** - Hiring managers will see more qualified and diverse applicants. The team will increase the number of qualified applicants for hard-to-fill vacancies by fifty percent; they will increase the percentage of protected class applicants by fifteen percent for positions where we are under-represented. They will develop at least four feeder systems (e.g. interns, cadets, trainees) for major job classes with high turnover or hard-to-fill jobs.

- **Streamline Staffing -** Hiring managers can hire more quickly, choose from more qualified applicants and use HRIS to speed up the process. The team will reduce the time required to fill a vacancy from an average of seventy days to an average of thirty-five days. They will fully implement PeopleSoft software to realize all the efficiencies available through automation. They will not sacrifice quality for speed, as measured by no sustained claims of unfair adverse impact.

- **Improve HR Service Delivery** - Reorganize the HR department so customers find it more competent and responsive. Efforts will be made to further develop the HR Generalist model so they increase their knowledge, influence and value within the operating departments. The team will improve service to the "Big Three" departments (Police, Fire, and Public Works). The HR budget and FTE allocations will be dedicated to the most needed and critical services, as defined by our customers.

A New Thrust for Affirmative Action in the City of Minneapolis
In October 1998, the Mayor and City Council adopted a plan called "A New Thrust for Affirmative Action in the City of Minneapolis" and directed the Human Resources Director to implement the plan. A new Director of Affirmative Action and Staffing was hired in February 1999.

The new Director has created the Affirmative Action Roundtable with representatives from key community organizations and communities. The Roundtable provides oversight and advice to the Affirmative Action Program and establishes a valuable network for recruiting and community contacts. The Director has strengthened the role of Affirmative Action in the hiring process so that all hiring decisions are first reviewed for consistency with the AA goals. He is revising the traditional investigative protocol so that allegations of discriminatory treatment can be addressed more expediently and resolved without unnecessary documentation or fact-finding. The Affirmative Action Division is now more involved in creating curriculum and delivering training to help create a more harmonious and respectful work environment for all our employees.

Upgrading the Human Resources Information System (HRIS)

In 1997, the City of Minneapolis installed its first comprehensive HRIS that provided automated payroll, benefits administration and human resources functions

for all city employees (including the independent boards and agencies). In September of 1999 the HRIS Division completed an upgrade of the system to the PeopleSoft 7.5 Government and Education version of the software.

This new version provides Y2K compliance, upgrades HR's ability to much more quickly process batch payroll and benefits functions and enhances our efficiencies in training administration and staffing. The new training module allows us to keep accurate and up-to-date records of all employee training activities. The staffing module allows us to automatically query a database of applicants and pull out the individuals who possess the minimum qualifications for a specific vacancy. No longer do applicants need to fill out a separate application for every vacancy. "Applicant profiles" are available on-line for HR Generalists and hiring managers to review at their desktop.

CityWorks - Welfare to Work Program

The CityWorks program began operation in late 1998. The program has three components that help people on public assistance get jobs in the City of Minneapolis. To date, the city has hired over 30 employees through the three components. Some of the employees have already gotten promoted to higher level jobs in different departments. The majority of the participants work in clerical positions and receive support services from the CityWorks Coordinator. Operating departments who have agreed to hire CityWorks participants find the program to be mutually beneficial as they save money while offering training, and help support an important city goal.

Three major bond rating agencies (Moody's Investors Service, Fitch and Standard & Poor's Incorporated) continue to reaffirm the city's highest possible AAA general obligation bond credit rating.

Minneapolis' Credit Rating
The credit rating allows the city to enjoy the lowest possible interest rates on bonds issued to pay for streets, bridges, parks, recreation centers, libraries, parking structures, water and sewer systems, economic development projects, residential mortgage loans, and other public projects. The bond rating is based on several factors: the strong, diversified economy of the city; the city's financial management and controls; and debt management coordinated by the city, county, and School District. Only five other urban core cities in the United States have similar bond ratings (Charlotte, North Carolina; Columbus, Ohio; Indianapolis, Indiana; Omaha, Nebraska; and Dallas, Texas). The city has retained these ratings since 1962.

Cash & Revenue Management
The city has received and installed two new Optical Character Readers (OCR's) that are Y2K ready. The OCR machine reads the entire city's Utility Bill Payments, the Regulatory Services Payments and the Minneapolis Public Housing Payments. The combined revenues from these accounts are estimated to be $120 million for year 2000. These machines run much faster than the replaced machines and have the capability to read a customers hand writing to verify the amount of the payment.

Space and Asset Management
As part of a joint space and facilities management strategy developed with the Public Works Department, the city's first Space and Asset Manager was hired in late 1999. The existing functional responsibilities were consolidated and extended to include strategic space planning, policies, procedures and standards, information management, and lease and asset management (making recommendations to the city's elected officials on decisions to buy, renovate, or sell space). A new committee co-chaired by the City Coordinator and City Engineer will recommend policies and procedures to the Mayor and City Council, oversee the coordination of departmental use of space, and prioritize space related capital projects.

Financial Operations
The Financial Operations Division provides accounting services to most city departments. In 1999, service was expanded to include the City Assessor and on-site professional accounting services were extended to the Inspections Department and certain capital related projects of the City Coordinator's Office.

Professional Development
The Finance Department completed its first year of a department wide training curriculum with requirements

for every job title in the department. The Division Directors completed a review of the first year and modifications were made for the year 2000. In addition, Finance co-sponsored with Human Resources, the enhancement of the Human Resource Information System to include maintenance of individual employee training records as well as the scheduling of certain training activities. On-site college level accounting classes were also offered in 1999 through the Minneapolis Community and Technical College.

Management Analysis
The goal of the Management Analysis Division (MAD) is to be an effective internal management consulting service that provides the analytical, process development, and coordinating services needed and requested by city management to do its job more effectively and efficiently. The following are examples of how MAD assisted various departments in 1999:

- Facilities Management: Worked with Public Works-General Services and Coordinator-Space Planning to develop a comprehensive strategy for managing the city's lands, buildings, and leased space;
- Gas/Electric Deregulation: Coordinated the research and preparation for the deregulation of the gas and electric utilities;
- Park/Public Works: Assisted the Park Board and Public Works in reviewing ways to coordinate related infrastructure maintenance services;
- Parking Systems Analysis: Worked with Public Works-Transportation and Finance to review management of the parking ramps; and,
- Operational Review of Inspections: Assisted the Inspections Department in reviewing staffing needs in part of its operations.

Risk Management and Claims
Tort Liability with the Staff Claims Committee has utilized a third party investigation and claims administration program to review, reject or accept claims made against the city. A major focus of the committee is the corrective action that is required to diminish claims in the future. An RFP has been issued to conduct an actuarial study to address the city's concern regarding our past experience and projected obligations in the areas of tort liability, workers' compensation, and health benefits.

Workers' Compensation has completed an internal and external audit, with all protocols within standard limits. The high number of active claims per coordinator has resulted in a realignment of personnel tasks and positions. The main database has been made Y2K compliant and transferred to a new fileserver.

A new medical managed care system for Workers' Compensation claims and employment services has been operational with some personnel and physician changes to better fit the city's goals. New systems have been implemented for electronic pre-authorizations, streamlined billing, and establishing protocols for employment health screenings.

The Convention Center Expansion Project has been operational utilizing all possible Loss Prevention and Safety practices. This year, in partnership with OSHA, additional resources and input to strengthen our safety practices onsite have been provided.

Utility Billing
A new billing system for water, sewer, solid waste, recycling, and related fees was implemented in August to meet year 2000 requirements. The system installation was accomplished with minimum delays in bills being sent and no interruption of customer service. The new system called MUPS (Municipal & Utility Package System) is capable of expanding into automating telephone answering capabilities and Internet access.

Automatic water meter reading through radio or telephone systems has been installed in over 90 percent of city water accounts, which has greatly reduced the number of estimated bills. The new meter reading systems have allowed for the consolidation and reduction of staffing in providing meter reading and maintenance services.

General Accounting
The city's Comprehensive Annual Financial Report (CAFR) for 1998 was completed with an "Opinion Date" of April 27, 1999 and publication was finalized in early May. For the second year, the CAFR was placed on the city's web site as well as the Governmental Accounting Standards Board (GASB) site. In June of 1999 the GASB, which is the authoritative standards setting body for governmental accounting, issued Statement No. 34 entitled "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments". Staff will be pursuing implementation of the statement, which is commonly referred to as "The New Reporting Model".

The Human Resource Information System/Central Payroll Unit completed an upgrade of the payroll/benefits software within budget and "on-time".

The Accounts Payable Unit continued to decentralize its operations with respect to the Park Board, Library Board, Youth Coordinating Board, and the Minneapolis Community Development Agency. To more fully utilize the relatively new Finance System commonly referred to as FISCOL (Financial Information System City of Lakes), the independent boards were given authority to approve their own payment transactions thus eliminating the need to send documents back and forth between the central unit and the independent board.

In 1999, the Financial Information System for City Of Lakes (FISCOL) System Administration unit became FISCOL Services to reflect clearly that service to users rather than system administration would be its guiding

principle. Attention has been refocused on the customers rather than the tool to improve the quality, comprehensiveness and timeliness of responses to people using FISCOL.

Improved access to financial information is an on-going objective, resulting in the re-development of the existing reporting tools. Development of a grant reporting module was near completion at year-end.

System improvements have taken place. The regular processing has been streamlined by purging completed transactions, adding disk space and re-organizing existing space, rescheduling certain processes to make information available on time to other related systems, and reducing processing time with improved backup processes.

Communications

Easily understood, accessible information is essential to the success of any organization. City government is no different. In fact, the ever-present goal of offering residents good government makes clear communications even more important for the City of Minneapolis.

Nineteen ninety-nine marked the Communications Department's first full year post-reorganization. Both short-term and long-range plans are in place to assure that city departments, including the City Council, have proven, professional communications counsel available. The Department includes the efforts of Public Affairs, Video Services, International Relations, and Grants and Special Projects. The city's recently established Office of Cultural Affairs now includes two areas that were part of the Communications Department for most of 1999: the Office of Film, Video and Recording as well as the Arts Commission.

Highlights of the year include:

- A strengthened organization-wide understanding of communications, and the need for anticipatory issues management. Communications Department counsel was sought in 1999 throughout the organization, including the following issues or departments:
  - Empowerment Zone
  - City Council offices
  - New Central Library
  - Light rail transit
  - City Attorney's Office
  - Police Department
  - Fire Department
  - Census 2000
  - Near Northside redevelopment
  - Legislative support
  - NRP Phase II Planning
  - City Y2K Community Preparedness
  - Convention Center expansion
  - Public Works
  - City Web site
  - Marketing Minneapolis
  - Affordable housing
  - Avenue of the Arts
  - Office of the Mayor
  - Elections Department
  - Crises communications management and media relations work
  - special events

- The 1999 City of Minneapolis calendar drew rave reviews from some 4,200 residents who urged the city to "keep doing calendars:" colorful, informative, practical and delivered to every household. The year 2000 issue arrived in Minneapolis homes before Thanksgiving 1999.

- An increased number of city departments and programs seek and receive grants, with grants making up an increasing percentage of many programs' annual budgets. The process is time consuming and the outcomes complex: identifying potential grants, making application, and overseeing grant compliance through the life of a grant. The city's Grants and Special Projects office supports city departments in their grant work. The office underwent a management review study in 1999; the study outcome will guide improvements in the grant process in 2000.

- City cable viewers are exposed to city news and fun through Video Service-produced shows like *Artifacts; Eye on Crime; MPD LIVE; Inside Minneapolis; City Beat;* and *Mayor's Round Table.* The City's Cable Office continues to respond to subscriber concerns about cable television service and has been involved in the city's discussions with its cable provider over the city's cable capacity and the addition of new services such as high-speed internet access.

- Minneapolis continued to be a popular destination for international visitors; exchange programs with its sister cities are active, including Ibaraki, Japan. Minneapolis began a relationship with Uppsala, Sweden.

Intergovernmental Relations

To serve as a valuable and essential resource for the city in its policy development, priority setting, issue management, and governmental relations initiatives, the IGR Department developed a "Strategic Plan" to effectively represent the city's policies and priorities before federal, state and regional governments. The Plan is evaluated annually and serves as a blueprint to move the IGR functions to a more strategic model based on essential priorities. The Plan also promotes enhanced quality of IGR functions for the city. Under the Plan, IGR has implemented several strategies for 1999:

Departmental Liaisons. IGR staff members are assigned to city departments to serve as liaisons to those departments. During the summer months, IGR staff meets with departmental leadership to discuss preliminary legislative issues for the upcoming session. The IGR staff also attends department staff meetings in order to brief the departments about the functions and services of IGR. Each department in turn assigns a staff person to be the primary contact for IGR.

Raising Awareness of IGR. IGR actively participates in interdepartmental functions in an effort to raise the profile of the department within the city. Actions are also undertaken to increase awareness of how the IGR department has been integrated into the city's service needs and how the department is aligned with the city's goals.

Interdepartmental Work Teams. Prior to the legislative session, the IGR staff re-establishes cross-departmental work teams in specific issues areas. These teams meet several times to identify issues of concern and develop introductory legislative proposals. In the fall, the work teams met with elected officials to formalize recommendations. This teamwork approach leads to a legislative agenda that is focused on a specific set of issues, rather than a general wish list.

Legislative Package. In developing the city's legislative package for 2000, emphasis was placed on early and continued involvement of the Minneapolis legislative delegation. In the fall, IGR hosts a delegation breakfast where legislators and Council Members work through introductory proposals developed by the work teams. Elected officials are then encouraged to participate with the work teams for refinement of the proposals. Another breakfast is held where legislative priorities are determined.

Six major issues facing the city will guide the 2000 State legislative package:
- Municipal Financing
- Public Safety
- Housing and Economic Development
- City Livability
- Transportation/Transit
- City approved Capital Bonding Requests

Federal Package. The IGR staff will continue to refine the federal legislative agenda in preparation for the 2000 Congressional Session.

Operations and Regulatory Services

The Department of Operations and Regulatory Services is a part of the Office of the City Coordinator that provides direct services to customers that include residents, businesses and visitors. The department consists of two major functions: Regulatory Services and Operations. Regulatory Services consists of two divisions: Licenses and Consumer Services, and Inspections. The activities of these divisions protect and enhance the livability of the city's neighborhoods. The Operations function of the department consists of the Minneapolis Convention Center; its activities strengthen the economy of the city, region and state. It is the department's mission to provide the highest quality service to its customers in all of its many functions.

Departmental highlights from 1999 include:

- The significant new expansion of the Convention Center that will make the facility world competitive;
- Overseeing the safe construction of the most new office space of any city in the country;
- Implementing the revised Truth In Sale of Housing program and doubling the number of condemned buildings that were restored through renovation and rehabilitation;
- Completing Step 3 of the Building Inspection Information System (BIIS) automation project;
- Conducting a successful Regulatory Services "Employee Investment Days" training inservice for all staff; and,
- Creating a future vision for the department which is customer focused, performance driven and results oriented.

Operations: The Minneapolis Convention Center

The Minneapolis Convention Center (MCC) is one of the primary economic engines driving the success and vitality of downtown Minneapolis, the metro region and Minnesota. The convention and visitor business is very big business for the city and state, with hundreds of hotels, restaurants, entertainment venues and attendant facilities. The hospitality industry employs tens of thousands and generates significant revenue for city and state programs and services. In 1999 the MCC:

- Celebrated the ground breaking for the major new expansion of the Convention Center on May 13, 1999;
- Hosted the largest sit down banquet in the history of the Minneapolis Convention Center by the Creative Memories Convention for 7,200 persons;
- Renegotiated the MCC Service Food Contract that included substantial reinvestment for remodeling of over three (3) million dollars;
- Completed kitchen renovation which resulted in doubling of space, while producing events with no disruptions;
- Constructed a 5,000 sq ft storage building on site for equipment storage during expansion;
- Modified current Antique Show license requirements and procedures to make it more user friendly for event producers and exhibitors, while streamlining process with city staff;
- Donated over 40,000 meals from banquets using the Minneapolis Convention Center; a single event donated over 40,000 pounds of food to Great Lakes Country Food Bank;
- Obtained modifications to state law permitting events that qualify to distribute alcoholic beverages that are an intricate part of their exhibit;
- Completed Y2K compliance projects and contingency planning that produced eighteen (18) mitigation and twenty three (23) contingency plans under budget;
- Purchased and installed the new software package for the management and production of events;
- Created a CD ROM to provide customer information as part of a sales presentation of the current and expanded Minneapolis Convention Center; and,
- Upgraded our website.

Regulatory Services

Regulatory Services plays a key role in the city assuring a safe built and natural environment. In 1999, the two Divisions of Regulatory Services were responsible for tens of thousands of code compliance inspections involving a wide range of activities including business operations, single and multifamily housing, building construction, food safety and the environment. Greater detail on many of these activities can be found in the Physical Environment chapter of the State of the City report.

Licenses and Consumer Services

The Licenses and Consumer Services Division consists of Licenses, Traffic Control, Animal Control, Environmental Health (food safety), and the Lead Abatement Program. In 1999 the Division:

- Administered over 11,500 city licenses relating to every major business activity in the city, collecting more than $3,500,000 fee revenue;
- Conducted 115 new liquor investigations;
- In conjunction with the Health Department, wrote and published, "Protect Your Business" a manual for Liquor licenses that advises them of the local and state laws regulating their businesses and of their responsibilities with respect to youth access to alcohol, including employee training tips and resources;
- Conducted 25 disciplinary hearings relating to problem business operations;
- Added ordinances including licensing of Valet Parking Services and regulation of Shopping Cart retrieval to address downtown and neighborhood problems;
- Modified the Liquor Code to remove special parking requirements, making the Zoning Code the regulatory tool for all parking requirements;
- Revised the Food Code ordinance in order to target food borne illness more effectively through a risk based inspection program;
- Conducted inspections of approximately 7,700 schools and licensed food establishments, including restaurants, groceries and imported food stores;

- Trained 500 managers or operators of food establishments;
- Responded to 95 complaints of food borne illness, confirming one and successfully containing it;
- Made efforts to better educate Somali and Latino communities on food safety by providing food code safety fact sheet translations along with other translated publications;
- The Lead Hazard Reduction project abated hazards 20 percent faster than target projections so that a total of 300 houses will be remediated by the end of the project (August of 2000) rather than the projected 250;
- Through the city's Lead Abatement efforts the number of children tested with elevated blood lead levels has consistently decreased every year since 1992. In 1992, 311 children demonstrated elevated blood lead levels. The most recent years' numbers show 1997 – 166 children with ebl, 1998 –129 children with ebl, and 1999 — 110 children with ebl projected;
- Placed special emphasis on landlord lead abatement education as part of abatement efforts in 1999;
- Implemented a handicapped permit enforcement program to identify misuse of parking permits;
- Provided traffic control for the Convention Center Expansion, minimizing downtown traffic disruption;
- Assisted the police by providing downtown weekend late hour traffic control;
- Responded to 15,174 requests for Animal Control services;
- Impounded 2,713 animals found at large;
- Reunited 1,059 pets with their owners;
- Arranged 890 animal adoptions; and,
- Conducted 125 dangerous dog hearings.

Inspections

The Inspections division consists of Housing, Building, Trades, Permits, Zoning, Plan Review, Hazardous Buildings and Environmental Management. In 1999, the division:

- Oversaw one of the largest booms in construction activity in the country that resulted in significant increases in construction permits, field inspections and revenue. Approximately 60,000 construction permits for various activities were issued in 1999;
- Doubled the number of condemned buildings that were restored through code compliance inspection and significant rehab and renovation;
- Successfully resolved or closed over 93,000 cases in Housing Inspections involving a wide range of Housing Maintenance Code compliance issues;
- Successfully implemented Step 3 of the new BIIS automation system that included rental licensing, business licenses, competency cards, annual billings and special assessments;
- Implemented the revised Truth in Sale of Housing Program that requires repair of residential life safety concerns. Two-thirds of the 6,000 one and two family residences inspected required repairs;
- Passed a new Air Quality Management Ordinance to protect the city's air resources.
- Sponsored a major statewide Climate Change Conference focusing on local initiatives to reduce energy consumption and promote energy efficiency;
- Created the Twin Cities Metro Area Watershed Network to facilitate communication and collaboration among the three dozen metro watershed organizations;
- Partnered with MCDA and Hennepin County to receive nearly $750,000 in EPA funding to address brownfields issues, including the former Doc's Auto Superfund Site; and,
- Completed an operational review with the assistance of the Management Analysis Division.

Priorities 2000

The Priorities process is Minneapolis' annual service planning process in which all city service activities are measured for their contribution to achieving the City Goals. City senior management utilizes the Priorities process to identify change opportunities. In addition to working toward achieving the City Goals, the Priorities process enhances our administrative goals of providing quality service, ensuring accountability, and continuously improving how the city does business.

The purpose of the Priorities process is to:

- Assist the Mayor and City Council in setting priorities, defining city services and strengthening policy decision making;
- Utilize the expertise, skills, and experience of department heads and city staff to prepare priority service options across city government for the Mayor and Council;
- Create a unified vision for city government and provide annual budget direction;
- Redesign Minneapolis city government to ensure that the service level fits within funding realities; and,
- Integrate community and neighborhood visions, values, and priorities established in The Minneapolis Plan and the NRP planning process into the city's annual organizational planning process.

The Priorities 2000 process emphasized the following:
The Priorities 2000 process involved the continued work of four teams appointed by the Mayor. The product of each team provided the Mayor and City Council with recommendations for the enhancement, redesign, maintenance or elimination of service activities within its goal area. An additional product of the 2000 Priorities process was the development of objectives and outcome measures related to the implementation of the city's performance measurement model.

The teams were organized around the city's eight goals to ensure that those goals were driving the city's funding and action agenda, and that service planning and prioritizing was occurring across the organization. Each team consisted of two department heads as co-chairs and team members from a variety of departments with the skill, expertise and experience to complete the task assignment. The eight goals were consolidated into the four following teams:

- Housing, Corridors
- Safety, Human Development
- Downtown, Transportation, Infrastructure and Environment
- Government Management

Each work team reviewed and evaluated the current levels of those services that work toward achievement of the city's goals and draft objectives and outcome measures. Then each team prioritized those services and made recommendations for change within the goal area.

Highlights of team products include the following:

Housing, Corridors

- Draft Objectives and Outcome Measures
- Housing Market Analysis
- Evaluation of MCDA's Home Improvement Loan and Grant Programs
- Commercial Corridor Revitalization
- Near Northside Redevelopment
- Affordable Housing Task Force
- Marketing Minneapolis

Safety, Human Development

- Draft Objectives and Outcome Measures
- Assisting New Arrivals to Minneapolis
- Industry Cluster Employment Program
- Crime Prevention through Environmental Design (CPTED)
- New Central Library
- Neighborhood Restorative Justice Program
- CCP/SAFE Family Outreach Collaborative
- Reducing Lead and its effects on children

Downtown, Transportation, Infrastructure and Environment

- Draft Objectives and Outcome Measures
- Improving the Skyway System
- Minneapolis Beautiful
- Avenue of the Arts
- Telecommunications Work Team
- Park and Ride Facilities at the Periphery of the City

Government Management

- Draft Objectives and Outcome Measures
- Consolidated Call Center
- Sale of City Surplus Assets (properties)
- Workforce Planning
- Park Board/Public Works Service Overlaps
- Comprehensive GIS Enterprise
- Targeted Recruitment
- Implementation of Fleet Utilization Study
- Develop City Government Academy
- NRP Phase II Planning

Neighborhood Revitalization Program

In 1999, all 81 residential neighborhoods continued to be involved in some phase of the Neighborhood Revitalization Program.

The Neighborhood Revitalization Program (NRP) is a nationally recognized unique effort to change the future of the city's neighborhoods, making them better places to live, work, learn and play. Neighborhood-based planning and priority setting are the heart of the NRP.

The NRP is governed by a legal agreement among the City of Minneapolis, the Minneapolis School Board, Minneapolis Park Board, Minneapolis Library Board, and Hennepin County. The agreement allows the five jurisdictions to share resources and encourages them to work together to implement approved neighborhood plans.

The program has four primary goals:
- build neighborhood capacity;
- redesign public services;
- increase intra- and inter-governmental collaboration; and,
- create a sense of community.

Some neighborhoods have formed voluntary partnerships that result in a single plan for several neighborhoods. This efficiency means that 66 Neighborhood Action Plans will be in place when all neighborhoods have completed their planning efforts. Already 56 of the 66 possible Neighborhood Action Plans have been approved. In addition, nine more neighborhoods currently are implementing approved First Step Plans. That means only one Minneapolis neighborhood is without either a First Step or Full Action Plan. It should be noted that 17 neighborhoods have already used their First Step Plans as the basis for their approved Neighborhood Action Plans.

Along with the continuous improvements to the neighborhood planning process, significant change has been made in the process of implementing neighborhood plans. NRP and MCDA staff have continued working to streamline the contracting and implementation processes to get resources out to neighborhoods more quickly.

Program Accomplishments by December 1999
The NRP has been involved in more than 1,100 projects scattered throughout the city. These projects come out of the Neighborhood Action Plans created by citizens working together to address neighborhood priorities. NRP projects have made dramatic impacts on such neighborhood and city priorities as: Housing, Economic Development, Community Building, Crime and Safety, Transportation/Infrastructure, Environment, Parks and Recreation, Human Services, and Schools and Libraries. A sample of the types of projects neighborhoods have addressed as priorities, with their funding amounts, is provided below:

Housing
- The NRP has allocated approximately $78.2 million to date on programs and projects aimed at maintaining and improving the city's housing stock. They include: home improvement loan and grant programs, new housing construction programs, rental property rehabilitation programs, and other programs designed to make physical improvements to the city's existing housing stock.
  - Residents from the Stevens Square/ Loring Heights neighborhood used $500,000 in NRP funds to encourage the neighborhood's largest rental property owner, Stevens Community Associates Limited Partnership (SCA), to invest an additional $3.5 million of its own money to renovate the 23 low-and-moderate income apartment buildings it owns. The apartments are home to nearly 1,000 residents, 20 percent of whom receive Section 8 or some other form of government subsidy to pay for their housing. The SCA renovation project is an example of how NRP funds are used to leverage additional investments in neighborhoods. The SCA rehabilitation project resulted in an overall investment of $14.8 million as the Minneapolis Community Development Agency (MCDA), the U.S. Department of Housing and Urban Development (HUD), the Family Housing Fund and the Minnesota Housing Finance Agency directed funding into the project.
  - Residents in the Seward Neighborhood have turned nearly $1.8 million in NRP funds into $7.1 million worth of Seward neighborhood housing improvements since 1993. In addition, 534 of the approximately 3,670 Seward Neighborhood dwelling units have benefited from some form of assistance as a result of the neighborhood's NRP sponsored housing programs.
  - Residents from the Near North and Willard-Hay Neighborhoods have invested $1.2 million in NRP funds in a housing program that identifies vacant properties, renovates them and sells them to new homeowners. The program, launched in 1995, has been responsible for renovating and finding new owners for 20 formerly vacant properties.

Economic Development
- The NRP has allocated nearly $27.2 million to economic development activities throughout the city. Of this, $5 million has been used to improve commercial corridors on Lake Street, Hennepin Avenue, Glenwood Avenue, University Avenue, Excelsior Boulevard, Central Avenue, Franklin Avenue, and Nicollet Avenue. Nearly $6.3 million has been allocated for business development activities. Other economic development activities include: commercial loan/grant programs, programs designed to address home-based businesses; and job creation programs;

Community Building

- The NRP has allocated nearly $8 million to neighborhoods for projects aimed at community building. Examples include: gateway projects, programs and materials that welcome new residents, programs designed to preserve neighborhood history, and arts and culture programs.

Crime and Safety

- The NRP has allocated nearly $6.7 million for projects and programs designed to make neighborhoods safer places to live, work and play. This funding has been used for such things as: additional police services; citizen crime prevention efforts such as block clubs and citizen patrols; crime prevention education programs; and lighting and other neighborhood security improvements.

Transportation/Infrastructure

- The NRP has allocated nearly $6 million to improve pedestrian, bicycle and transit services throughout the city.

Environment

- The NRP has allocated nearly $3.6 million for projects and programs aimed at improving the physical environment of our city's neighborhoods. Environmental projects include: tree, bush and garden planting projects, neighborhood clean-up projects, energy conservation or recycling projects, and water quality projects.

Parks and Recreation

- The NRP has allocated nearly $13.7 million for projects aimed at improving parks and recreation facilities and programs. More than $8 million has gone toward improving park buildings, playgrounds and fields throughout the city. Nearly $2 million has been approved for park landscaping projects. In addition, more than $500,000 has been used for the creation and improvement of park programs.

Human Services

- The NRP has allocated more than $11.2 million for programs and projects designed to create or improve services for families and children in neighborhoods throughout the city. These projects include: family/childcare/parenting programs; youth and teen programs; disabled person programs; and senior programs. In addition, more than $1.6 million has been approved by neighborhoods for community health clinic facilities and programs.

Schools and Libraries

- The NRP has allocated more than $6.7 million for the improvement of school and library programs and facilities. In fact, 48 schools and 5 libraries have been improved with NRP funds.

NRP Phase II Planning Process

The NRP Policy Board is planning for Phase II of the NRP. Phase II begins in January 2001. The Policy Board is taking the opportunity to assess and learn from Phase I in order to determine how the NRP can be more effective in its second phase.

The Policy Board has created a process, which it began in 1998, to plan for Phase II. A subcommittee of the Policy Board, the NRP Phase II Steering Committee, is overseeing this process. During the summer and fall of 1999 new goals for Phase II were developed. A new set of goals is intended to focus and direct the program for Phase II. The neighborhoods and each participating governmental jurisdiction discussed internally what they believe the Goals for Phase II should be. They submitted recommendations to the Policy Board which drafted goals at a Retreat in September. In October the Policy Board, Mayor and City Council presented these draft goals to the public at a meeting at the Whittier park/school complex and received feedback. The Policy Board refined the draft goals based on this feedback and in November adopted the Phase II Goals.

NRP Phase II Goals:

- Create a greater sense of community so that the people who live, work, learn and play in Minneapolis have an increased sense of commitment to and confidence in their neighborhood and their city.

- Sustain and enhance neighborhood capability in order to strengthen the civic involvement of all members of the community.

- Ensure that neighborhood-based planning remains the foundation of the program, is informed and leads to creative and innovative approaches.

- Strengthen the partnerships among neighborhoods and jurisdictions to identify and accomplish shared citywide goals.

- Ensure that government agencies learn from, and respond to, neighborhood plans so that public services ultimately reflect neighborhood priorities.

- Develop and support life cycle housing citywide through the preservation of existing housing and new construction by reaffirming our commitment to the state mandate that 52.5 percent of NRP funds be spent on housing.

During 1999, in addition to developing goals, a team made up of public staff and neighborhood representatives reviewed the financial status of the NRP and clarified several questions about the financing of the NRP from 2001 – 2009. There is commitment to fully fund the NRP in Phase II.

The Program Operations Committee, a team of public agency managers and a neighborhood representative, is currently developing options for how the NRP will operate in Phase II. Their charge is to review the existing program structure and develop recommendations for change. This team is developing options to answer questions such as: Should a portion of NRP funding be allocated to specific citywide goals? At what level or levels should NRP planning occur (neighborhood, cluster of neighborhoods, community, etc.)? How should the current under-allocation in the housing area be addressed?

It is expected that the Program Operations Committee will present several options for how the program might operate in Phase II to the NRP Phase II Steering Committee in the first quarter of 2000. The Steering Committee will present recommendations to the Policy Board and the Policy Board will present these options to the public for input, and then make their decisions.

Informing the work of planning for Phase II is an evaluation of the NRP which began in 1998. Teamworks, a consulting firm from San Francisco, is conducting an evaluation of NRP outcomes in Phase I. A report is expected from Teamworks in December 1999 which will contribute to this ongoing Phase II work.

City Revenues and Expenditures

The 2000 Council adopted budget (net of internal transfers) calls for city operating expenditures of over $897 million against revenues of nearly $906 million.

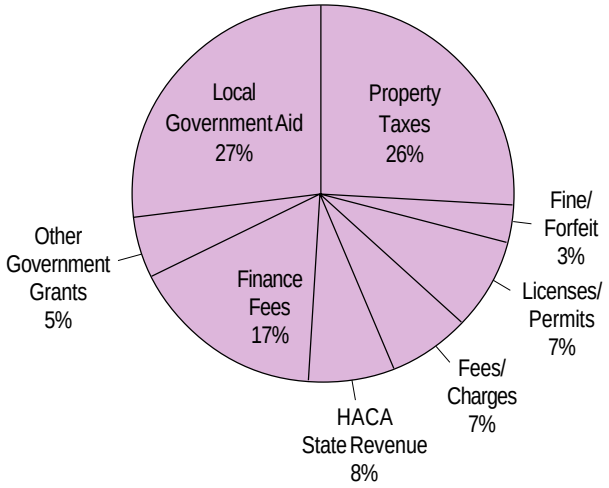
Within the operating budget recommendations, the Mayor's 2000 budget calls for more than $218 million of General Fund expenditures, balanced by a like amount of revenue. The 1999 approved budget called for General Fund expenditures of just over $213 million.

The General Fund is the largest of the operating funds. It finances many activities, such as general government, public safety, streets, culture and recreation. It receives financial support from a number of sources such as general property tax, licenses and permits, franchise fees, service charges, fines and forfeits.

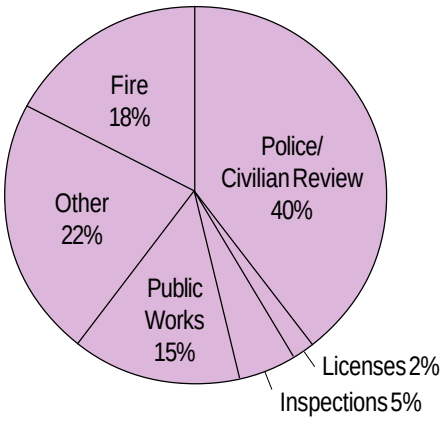
One pie chart, below, shows the relative importance of the major categories of 2000 General Fund revenue. The other shows the expenditure share proposed for the major users of the fund revenue.

2000 COUNCIL ADOPTED BUDGET

Revenues



Expenditures



Source: *2000 Council Adopted Budget, City of Minneapolis,* December 1999

The following table shows proposed 2000 General Fund operating expenditures, for several departments whose activities are discussed, in part, within this *State of the City* report. The 1999 approved amounts for these departments are also included for comparison.

GENERAL FUND OPERATING EXPENDITURES
SELECTED DEPARTMENTS AND BOARDS
1999 & 2000 BUDGETS

Dept.	1999	2000
Fire Department	$37.2	$38.3
Police Department	84.4	87.6
Inspections Department	11.2	11.8
Health Department	3.6	3.7
Public Works Department	35.0	32.6

Property Tax

Property taxes payable in 1999 were determined under a system first used in 1989. The calculation of a parcel's tax begins with the Assessor's determination of its estimated market value. This is defined as the usual selling price of the property that would be obtained at private sale.

The taxable value of property is calculated as a percentage of the estimated market value. This taxable value is known as **net tax capacity**. Net tax capacity equals estimated market value multiplied by a given percentage for the particular classification of property. The percentage used varies with the type of property and its value. In the case of residential homestead property, for example, the 1999 net tax capacity percentages and applicable market values are shown in the following table:

1999 Estimated Market Value	Percentage Net Tax Capacity
First $75,000	1.00%
Over $75,000	1.70%

Tax rates that are applied to the net tax capacity are determined each year by the various taxing jurisdictions. They are determined by dividing each jurisdiction's amount to be raised through taxes by the total value of taxable property (total net tax capacity) within the jurisdiction.

Net tax capacity rates result from the relationship of tax amount needed and total net tax capacity. The results are expressed as a percentage. Prior to 1989, they were expressed as mill rates. For Minneapolis, the net tax capacity rates applicable to residential homestead taxes payable in 1999 are as follows:

1999 TAXING JURISDICTION
NET TAX CAPACITY RATES

City of Minneapolis	42.488%
School District #1	59.752%
Hennepin County	37.008%
Other (inclucing Public Housing)	7.986%
Total	**147.234%**

The description given above as applied to a homesteaded residential example would result in the following generation of total property tax on a $78,000 Minneapolis residence:

Estimated Market Value:		$78,000.00
Net Tax Capacity:		
	1% of first $75,000	$750
	1.7% of remaining $3,000	$51
	Total	$801
Tax:		
	147.234% of $801	$1,179.34

The property tax refund system provides possible relief for homeowners and renters, determined by a formula that includes the amount of property tax due and income of the taxpayer. If eligible, the taxpayer receives a money refund during the last quarter of the year.

For the City of Minneapolis, the total tax payable in 1999 (the total tax levy) is $459,232,922. It will be distributed among jurisdictions approximately as follows:

City of Minneapolis 27%
School District #1: 44%
Hennepin County 24%
Other Districts & Public Housing 5%

Tax Increment Financing

Relative to taxes payable in 1999, the total increase in net tax capacity of the city's tax increment districts was estimated at $43.74 million.

Tax increment financing (TIF) uses increases in property values and taxes attributed to redevelopment to pay for public redevelopment costs. Tax increment financing may be used to provide public funds for the redevelopment or rehabilitation of blighted or deteriorated areas of the city, the construction of low and moderate income housing, and for the promotion of economic development and employment opportunities in the city. In Minneapolis, the tax increment districts are administered by the Minneapolis Community Development Agency, with the exception of the Calhoun Beach district which is administered by the city.

A tax increment financing district is created by City Council adoption of a plan for redevelopment and tax increment financing. The tax capacity of the property within the district is then determined according to the last equalized tax roll (with that year becoming the base year) and represents the original tax capacity of the tax increment district. Each of the taxing jurisdictions (city, county, school district and special taxing jurisdictions) continues to receive that share of the taxes collected on the tax capacity that represents the original tax capacity just as if the district had never been created and there had been no change in the valuation of the area.

The city may sell bonds or use available MCDA resources to clean up pollution, acquire property, relocate businesses and residents, demolish buildings, and prepare sites for redevelopment in tax increment districts. The assembled parcels of cleared land are sold to a private developer. When construction is complete and the new buildings are on the tax rolls, the tax increment district has a new, higher tax capacity (since it will have a higher market value, and tax capacity is based on a percentage of market value).

For tax increment districts established after April 30, 1990, the State of Minnesota reduces the amount of Local Government Aid (LGA) and Homestead and Agricultural Credit Aid (HACA) received by the city if a certain percentage of local funds are not used to finance the activities of the district. This reduction, phased in over the life of the district, is intended to offset any increased school aid payments made by the state as a result of the city's decision to use tax increment financing.

The increment in tax capacity is calculated each year for projects that are active. The net tax capacity increase, for all active projects, totaled $43.74 million, relative to taxes payable in 1999, up from $43.36 million in 1998.

The following active Minneapolis TIF districts are located by number on an accompanying map. Modifications are not included in the listing. Note that the Housing Replacement Districts (numbers 48 and 49) involve multiple locations (parcels) and are not shown on the map)

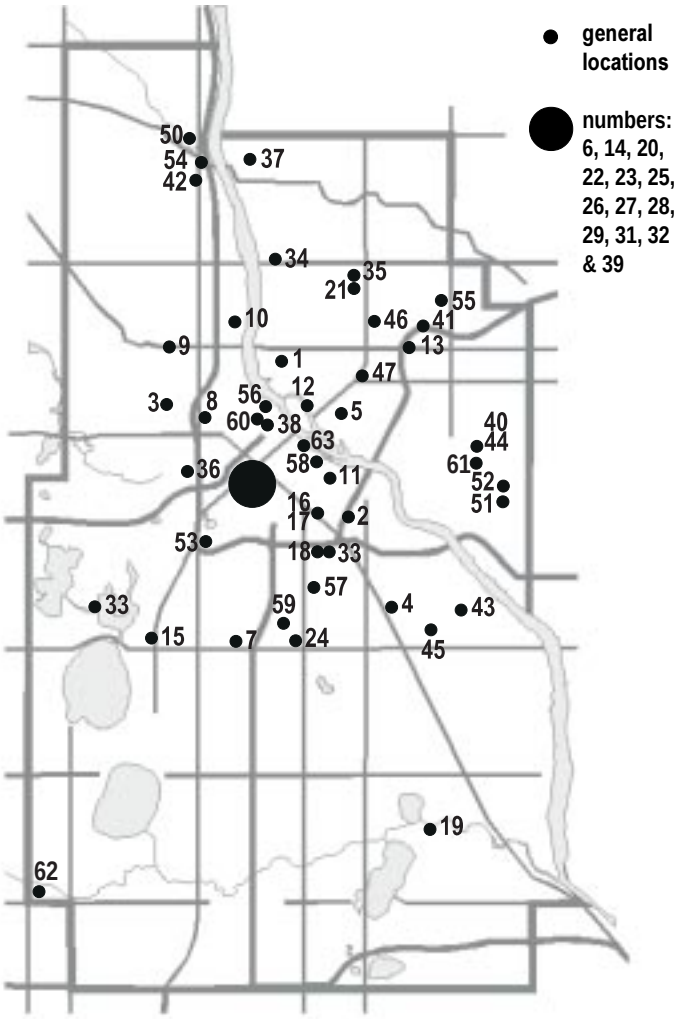
TAX INCREMENT FINANCE DISTRICTS

Active Districts	Base Year
1. St. Anthony West	1971
2. Cedar-Riverside	1971
3. Grant	1971
4. Seward South (incl. Moline)	1971
5. Holmes	1972
6. Loring Park	1972
7. Nicollet-Lake	1972
8. North Loop	1973
9. West Broadway	1973
10. North Washington Industrial Park	1973
11. Industry Square	1973
12. Nicollet Island-East Bank	1979
13. Broadway I-35	1977
14. City Center	1977
15. Hennepin-Lake	1979
16. Elliot Park #1	1980
17. Elliot Park #2	1981
18. Franklin Avenue	1980
19. Nokomis Homes	1981
20. Symphony Place	1981
21. Central Avenue	1982
22. One Ten Grant	1982
23. Convention Hotel/Retail	1985
24. Chicago-Lake; 28th and Chicago	1985
25. The Conservatory	1985
26. Laurel Village	1985
27. LaSalle Plaza	1985
28. NBA Arena	1986
29. IDS Data Service Center	1986
30. Block 33-Franklin Avenue	1986
31. Neiman Marcus	1988
32. Block E	1989
33. Calhoun Beach	1989
34. MILES I	1991
35. Central Avenue Supermarket	1992
36. Housing for Chronic Alcoholics	1994
37. 36th & Marshall N.E.	1994
38. Kimm Printing	1995
39. 9th & Hennepin	1995
40. S.E. Minneapolis Industrial Area (SEMI) Phase I	1995
41. N. E. Retail Hazardous Substance Subdistrict	1995
42. Camden Medical Facility	1996
43. United Van/Bus	1996
44. S.E. Minneapolis Industrial Area (SEMI) Phase II	1996
45. Deep Rock Economic Development	1996
46. N.E. Nursing Home/Industrial	1996
47. Spring and Central	1996
48. Housing Replacement District-Non Watershed	1996
49. Housing Replacement District-Watershed 3	1996
50. Impact Mailing	1997

TAX INCREMENT FINANCE DISTRICTS (CON'T)

Active Districts	Base Year
51. S.E. Minneapolis Industrial Area (SEMI)-Phase III	1997
52. S.E. Minneapolis Industrial Area (SEMI) Phase IV	1997
53. Lowry Ridge	1997
54. Camden Medical Facility	1998
55. Rosacker Nursery Site	1998
56. Creamette	1998
57. Phillips Park	1998
58. West Side Milling District	1998
59. Portland Place	1998
60. Heritage Landing Housing District	1999
61. S.E. Minneapolis Industrial Area (SEMI) Phase V (Kasota Phase II)	1999
62. 50th and France	1999
63. Historic Milwaukee Depot	1999

TAX INCREMENT FINANCE DISTRICTS



Numbers 48 & 49 not shown (see text).

City Debt

Minneapolis' total general obligation debt increased from just under $818 million in 1998 to a level estimated to be just less than $973 million at December 1999.

Management of the city's debt involves consideration not only of the absolute amount of debt, but also attention to yearly trends in the relationship of the debt to other financial measures.

The accompanying chart shows the total debt level each year since 1987. The total includes general obligation debt, backed by the full faith and credit of the city, and non-general obligation debt, which currently includes only tax increment revenue bonds.

June
In June the city issued $97,400,000 of General Obligation fixed rate bonds and $97,000,000 of General Obligation variable rate bonds. These two issues provided approximately $194,400,000 for capital projects.

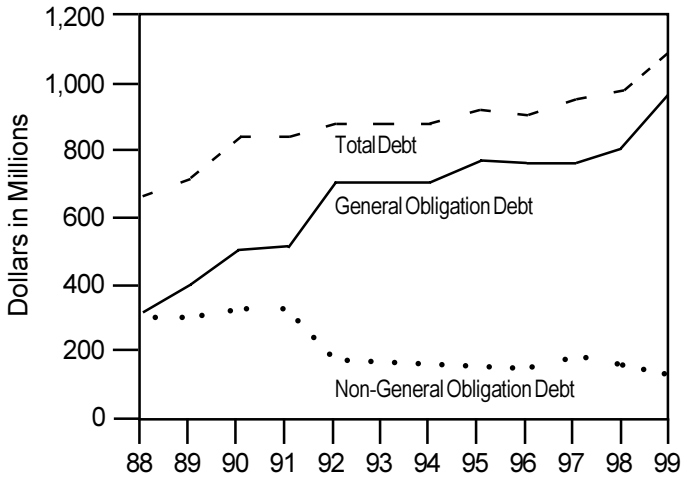
The major uses were as follows:

$ 906,000	Bridges
86,000	Cost of Issue
14,455,000	Flood Control
361,000	Libraries
3,596,000	Park and Parkway Improvements
12,908,000	Public Buildings
10,383,000	Street Improvements
14,545,000	Information Technology Services
150,000	Park Board Diseased Trees
1,800,000	Combined Sewer Overflow
3,100,000	Vehicle Fleet
13,560,000	Water Works
30,150,000	Public Parking Facility
88,400,000	Convention Center

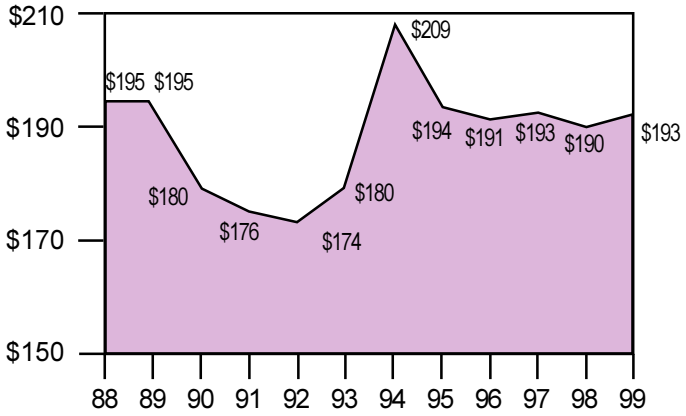
Other
The City Council authorized the issuance of $27 million of taxable General Obligation tax increment bonds for the purpose of providing funds for the Target Store project in the 900 block of Nicollet Avenue in downtown Minneapolis.

Debt Trends
The following chart shows the gradual climb of general obligation debt and total debt from 1987-1995, a two year decrease in 1996 and 1997, and then another increase from 1997 - 1999. The chart showing general obligation debt per capita suggests that on a per-person basis, that portion of general obligation debt supported by property taxes has not shown a consistent trend in either direction. The average of the 13 years shown on the chart is just under $189.

TOTAL DEBT, 1988 - 1999



PER CAPITA DEBT, IN DOLLARS*, 1988 - 1999



* Figures shown are adjusted indebtedness, which represents the total general obligation indebtedness of the city less that indebtedness supported by revenues other than general property taxes.

Debt Capacity - Total Debt

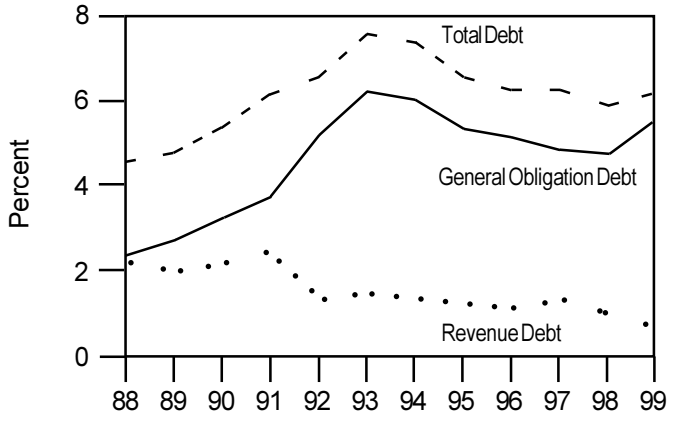
The ratio of total outstanding debt to the Minneapolis City Assessor's market value of taxable property increased to an estimated 6.2 percent in 1999, from 5.9 percent the previous year.

The primary goal of the city's debt management is maintaining the city's ability to incur debt at minimal interest rates without endangering the city's ability to finance essential city services. The policy focuses on a revenue/debt ratio approach and calls for the city to closely monitor the absolute amounts and year-to-year trends of key financial ratios. The policy states that the city should limit the issuance of new bonded debt so as to make improvements in the key financial ratios over time.

The key management ratio used in monitoring total debt is total debt outstanding as a percent of estimated full market value of Minneapolis' taxable property.

The data shows that from 1989 through 1993, the total debt ratio increased each year. The increase in part reflected not only a yearly increase in total debt, but also the yearly decline in estimated full market valuation of the city, experienced in the early 90's. Subsequent to 1993, the ratio's general downward trend reflects both an increase in the estimated market value of the city's taxable property, and in some years, either a small increase or decline in total indebtedness. The 1999 total debt to market value ratio increased slightly over 1998.

TOTAL DEBT AS A PERCENTAGE OF ASSESSOR'S ESTIMATED MARKET VALUE, 1988 - 1999



Debt Capacity - Property Tax Supported Debt

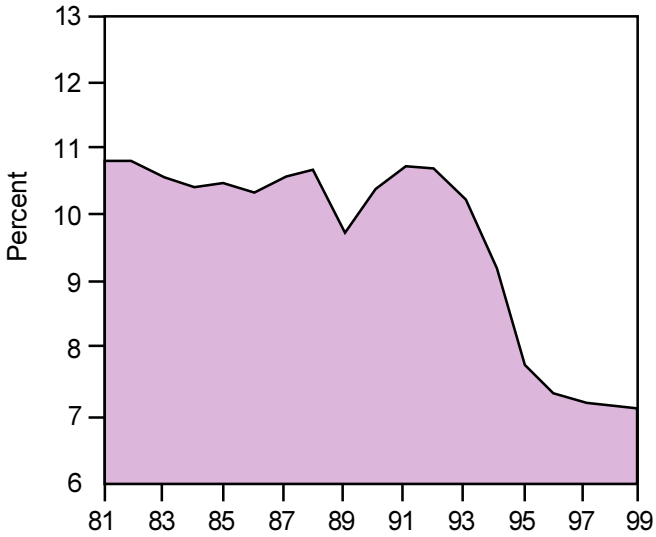
The percentage of discretionary revenues used in property tax supported debt service declined from its level of 12.15 percent in 1980, to a low of 7.19 percent in 1998. The percentage has varied within this time period but the general trend has been a decrease in the percentage of discretionary revenues used in property tax supported debt service. The estimated 1998 percentage is 7.19

As the city's discretionary revenue total changes, the amount of that revenue used for debt service on tax supported bonds should also vary. The proportion of such revenue that is dedicated to tax supported debt service must be maintained at a level that also allows adequate discretionary fund availability for financing essential city services while supporting an adequate capital infrastructure replacement program.

With respect to tax supported debt, the key management ratio is the percentage of discretionary revenue used for the city's total tax supported bond debt service. The policy calls for the city to limit the annual bond program so that property tax supported debt service levels, as a percent of discretionary revenue, remain equal to or less than current levels.

Data shown on the charts indicate that the property tax supported debt ratio has been within the management goal range over the past dozen years.

PERCENT OF DISCRETIONARY REVENUES USED TO SUPPORT DEBT SERVICE (Key Ratio for Net Debt Management)



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