City of Minneapolis
2005 Adopted Budget

Financial Overview
Prepared by the City of Minneapolis Finance Department

The 2005 Adopted Budget for all City funds represents a 4 percent increase in spending from the 2004 Adopted Budget, from approximately $1.13 billion to $1.17 billion.

When including transfer expense between city funds, the total Adopted Budget is $1.27 billion. This represents an increase of $29.4 million, or 2.4% percent. Transfers between funds decreased by $15.6 million due to changes in accounting practices as well as the result of adjustments needed to account for the many organizational changes that have happened in the city.

Major Highlights

The 2005 Adopted Budget builds on many of the significant organizational and financial changes that have occurred in recent years. It is important to be aware of these major changes when making comparisons between budget years.

The major changes include:

- **The Adopted Budget maintains the financial discipline of the eight percent property tax levy and the two percent limit on wage growth for all unsettled labor contracts.** This sets the parameters for the level of spending for all departments in the five-year financial direction. Ongoing budget pressures make this continued financial discipline critically important.

- **The State of Minnesota cut aid to Minneapolis by $35 million (on an annual basis) in 2004 and by an additional $2.2 million in 2005.** Local Government Aid (LGA) from the State will be $80.3 million in year 2005 as compared to a 2004 budget amount of $82.5 million and an original 2003 budget amount of $117.5 million. Reduced service levels as a result of LGA cuts from 2003 and 2004 will remain in effect.

- **The Adopted Budget allocates costs to departments to ensure that they have the needed information for managing resources.** This budget reflects the implementation of the General Fund Overhead Rate model, which charges City departments outside the General Fund for management services they receive from General Fund departments, and the BIS rate model, which allocates the costs for technology, telephone, and data services to departments based on usage. In the future, departments can use this information to make management decisions based on the resources they actually consume. This change affects all City departments, making operating increases appear greater than they actually are.

- **The Adopted Budget recognizes that the City's Parking Business is in a temporary negative financial position as a result of economic conditions.** In order to address this challenge, the adopted budget decisions maintain the integrity of the adopted 2004 workout plan.

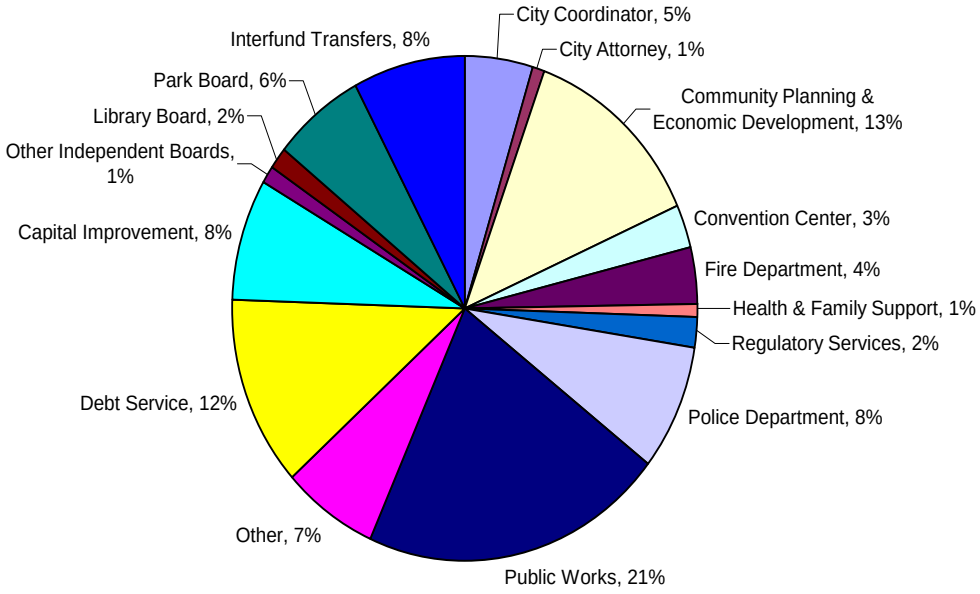
- **The Adopted Budget presents a realistic financial picture.** Revenue projections have been brought into line with actual experience, both at the department level, as well as through updating estimates on franchise fee revenue. The City continues to manage significant pension obligations.

- **The Adopted Budget also incorporates planned increases in utility fees in 2005 and future years.** While fees will still increase in order to pay for the cost of major capital investments, the Adopted Budget slows down overall capital spending. The Adopted Budget keeps the total plan for utility rate increases in place, while providing funding for important capital projects. Capital funds are focused in areas that generate operating savings.

City Spending

Below is a summary of the 2005 Adopted Budget by major spending categories, which includes transfers between funds and the independent boards.

City of Minneapolis
Total City Expense Budget - Use of Funds
2005 Adopted Budget
$1.27 Billion



City of Minneapolis Expenditures by Service (in millions of dollars)

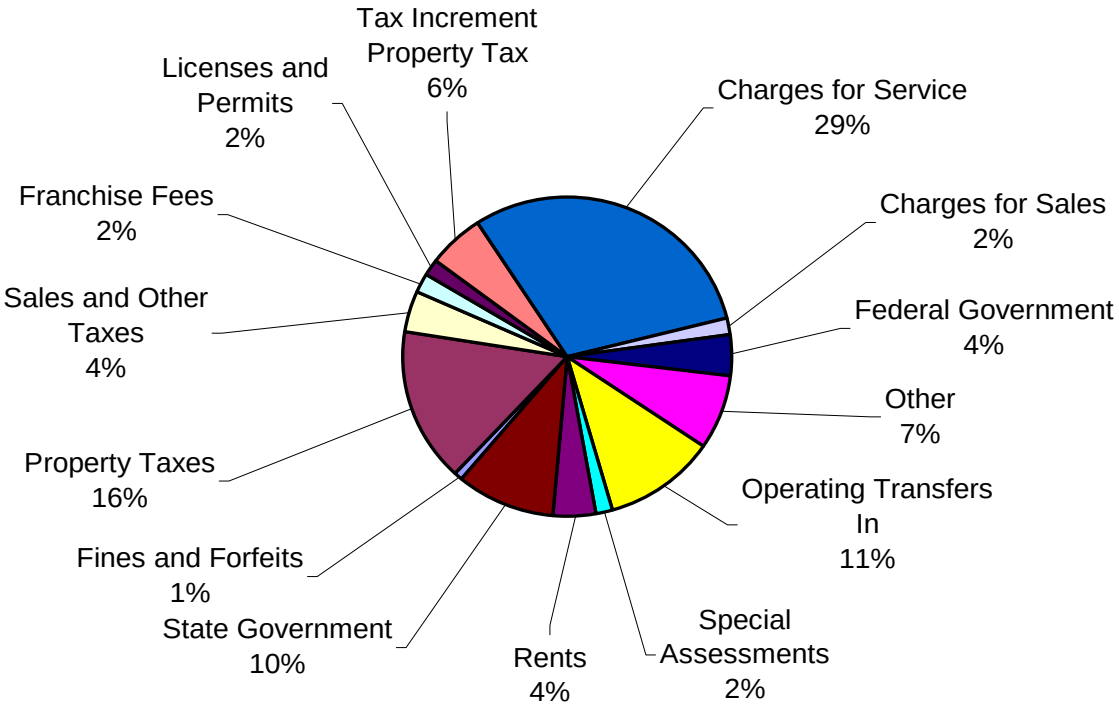
	2004 Adopted Budget	2005 Adopted Budget
City Coordinator (excluding Regulatory Services)	$52.8	$59.3
City Attorney	$11.0	$11.9
Community Planning and Economic Development	$141.8	$163.0
Convention Center	$29.5	$33.8
Fire Department	$43.3	$45.2
Health and Family Support	$13.3	$12.9
Regulatory Services	$22.7	$24.3
Police	$99.5	$102.5
Public Works – Field Services	$29.1	$28.8
Public Works – Sewer, Storm Water, Flood Mitigation	$43.6	$43.3
Public Works – Solid Waste and Recycling	$25.6	$26.5
Public Works – Transportation	$50.0	$54.5
Public Works - Water Treatment and Distribution	$37.6	$43.3
Public Works - Other (includes Internal Services)	$58.2	$70.4
Public Works Subtotal	*$244.4*	*$267.0*
Other City Services	$11.7	$13.6
Other	$86.6	$71.2
Debt Service (including Enterprise Funds)	$142.5	$155.1
Capital Improvement (including Enterprise Fund capital)'	$116.5	$99.1
Subtotal	*$1,015.6*	*$1,059.0*
Independent Boards:		
Library Board	$18.4	$19.8
Park Board	$79.1	$78.8
Youth Coordinating Board	$3.6	$3.8
Other Boards	$8.7	$8.9
Subtotal	*$109.8*	*$111.4*
Total Expenditures (without Transfers)	$1,125.4	$1,170.4
Transfers to other funds	$116.2	$100.6
Total Expenditures with Transfers	$1,241.6	$1,270.9

Note: See “City Council Operating Departments” and “Independent Boards and Agencies” sections in the budget document for further explanation of changes between years.

City Sources of Revenue

Below is a summary of the City's 2005 total revenues by major category.

City of Minneapolis
Total City Revenue Budget - Source of Funds
2005 Adopted Budget
$1.25 Billion



In 2005, the City of Minneapolis projects $1.25 billion in revenue from a variety of sources. It is important to note that many of the City's revenues sources are tied revenue, meaning they are required to be spent in defined areas or on specific programs or projects. This limits the City's ability to apply the revenue to other departments or programs. For example, the City cannot use revenue from fees that it charges for services to fund general government services, such as police and fire services. The City charges fees for water, sewer, and garbage pick-up, but the State law requires that these fees be no higher than the cost of providing those services. So the City cannot raise water bills to pay police officers, for example.

Grants and transfers from the Federal Government and other units of government are also usually designated for specific needs and purposes. If the City does not spend such grants for their designated purpose, the City will not receive the grants at all. Some cities increase their revenues through assessments, which are also tied to specific purposes like street maintenance. Bond proceeds must go to purposes for which the debt was incurred. Sales tax revenue is dedicated to the Convention Center by State law. Like many Minnesota cities, Minneapolis pays for other city services (police, fire streets, parks, libraries, etc.) with property taxes and Local Government Aid (LGA).

City of Minneapolis Revenue by Major Category (in millions of dollars)

	2004 Adopted Budget	2005 Adopted Budget
Property Tax [1]	$181.1	$196.4
Tax Increment Property Tax	$71.0	$68.9
Sales and Other Taxes	$50.0	$51.2
State Government	$125.0	$119.8
Local Government	$8.4	$9.5
Federal Government	$63.4	$52.2
Franchise Fees	$23.5	$22.1
Charges for Service	$354.0	$376.7
Charges for Sales	$17.5	$22.5
Licenses and Permits	$21.5	$23.5
Fines and Forfeitures	$10.5	$9.6
Special Assessments	$4.8	$21.3
Interest Income	$9.7	$3.3
Rents	$46.6	$52.2
Other [2]	$105.6	$79.6
Subtotal	$1,092.6	$1,108.9
Transfers from Other Funds	$136.6	$139.9
Total Revenues[3]	$1,229.2	$1,248.8

City Budget by Fund

The City uses different "Funds" to account for the expense and revenue associated with the various services provided. The **General Fund**, which is where most of the property tax supported services are accounted for, represents 23 percent of the 2005 Council Adopted Budget, as compared to 21 percent in 2004.

The **Enterprise Funds** include services that the City provides that operate more like a "business" in that they are expected to generate a profit to cover capital purchases and related debt service requirements. Enterprise services of the City include such services as sanitary sewer services, storm water management, flood mitigation, water treatment and distribution, solid waste and recycling, and municipal parking.

Internal Services Funds are similar to Enterprise Funds in that they are used to account for services that the City provides that operate more like a business, however, Internal Service Funds' primary customer is other City departments. Internal services include such services as

[1] Property taxes are budgeted at 98 percent of gross levy to reflect anticipated delinquencies.
[2] Other includes gains, contributions, other miscellaneous revenues, and proceeds from long-term liabilities.
[3] Total expenditures exceed total revenue, which represents the annual budgeted change in fund balance. The change in fund balance is mostly due to timing of capital projects and bond issuance.

information technology, equipment rental (i.e. police squad cars and fire equipment), facility fees and self-insurance.

Other Funds includes Special Revenue Funds where that proceeds of specific revenue sources are restricted to expenditures for specific purposes. Services accounted for in the Other Funds include such services and operations as the Minneapolis Convention Center, and other grant funded services.

The **Independent Boards** include Board of Estimate and Taxation, Library, Park, Community Development Agency, Neighborhood Revitalization, Municipal Building Commission, and Youth Coordinating Board.

City of Minneapolis Budget By Fund (in millions of dollars)

	2004 Adopted Budget	2005 Adopted Budget	2005 as % of Total
Expenditures:			
General Fund	$262.8	$291.3	22.9%
Enterprise Funds	$295.4	$272.6	21.5%
Internal Service Funds	$149.4	$167.3	13.2%
Special Revenue Funds	$202.1	$171.5	13.5%
Capital Projects Funds	$141.3	$132.6	10.4%
Debt Service Funds	$80.8	$124.3	9.8%
Independent Board Funds	$109.8	$111.4	8.8%
Total Expenditures	$1,241.6	$1,270.9	
Revenues:			
General Fund	$262.8	$285.8	22.9%
Enterprise Funds	$290.6	$270.1	21.6%
Internal Service Funds	$156.8	$168.4	13.5%
Special Revenue Funds	$205.7	$158.2	12.7%
Capital Projects Funds	$151.8	$140.9	11.3%
Debt Service Funds	$56.8	$114.9	9.2%
Independent Board Funds	$104.7	$110.5	8.8%
Total Revenues	$1,229.2	$1,248.8	
Changes in Balances	($12.4)	($22.1)	

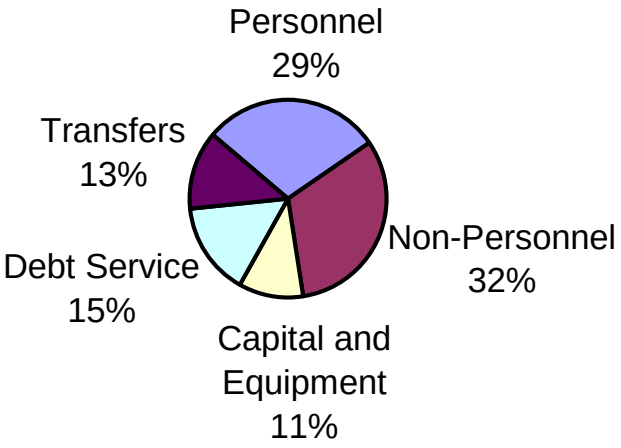
Spending by Major Categories

A significant amount of the City's budget is spent on personnel, $374 million or nearly 30 percent of the total budget. The 2005 Council Adopted Budget includes a decrease of 69 budgeted full-time equivalent positions; this represents a 1.25 percent reduction. The independent boards are included in these figures.

City of Minneapolis Budget by Major Expense Category (in millions of dollars)

	2004 Adopted Budget	2005 Adopted Budget
Full Time Equivalent Positions	5,569	5,500
Expenditures:		
Personnel	$362.5	$373.9
Non-Personnel	$389.3	$405.9
Capital and Equipment	$162.7	$136.3
Debt Service	$142.3	$193.3
Transfers	$184.8	$161.6
Total Expenditures	$1,241.6	$1,270.9

City of Minneapolis
Total City Budget - Expenditures by Category
2005 Adopted Budget
$1.27 Billion



Major Budget Pressures: City Council Funds

- **Growth in personnel costs**

  Salary and Wages. The 2005 Adopted Budget includes an increase in total personnel expenditures from $362.5 million to $373.9 million; this represents a 3 percent increase from the 2004 Adopted Budget. For City positions, not including the Park and Library Boards, growth in salary and wages are budgeted at 2 percent for bargaining units without settled labor contracts.

  Benefits. Health and dental insurance expenditures are budgeted to increase by 12 percent from the 2004 adopted budget, from $32.3 million to $36.2 million. This change reflects both changes in premium expense (estimated at 19% for health and 4% for dental) and changes in coverage, for example changes between family and single coverage.

- **Funding for Internal Services Funds workout plans**

  The 2005 budget includes an additional $3.9 million in funding for internal city services: self insurance, equipment services, and information technology services (i.e., workers compensation, general liability, squad cars, fire trucks, and computers).

  During the 1990's, due to other external demands, the revenue to support these internal services did not keep pace with the growth in expenditures. Significant negative cash balances resulted because of annual expenses exceeding revenues. At year-end 2003, the City's Internal Services Funds had combined negative net assets of $34 million, as compared to a negative $30.2 million in 2002, and a negative retained earnings of $32.2 million in 2001. While the balance is still negative, the position of the funds is showing marked improvement over the 2000 net asset deficit of $54 million. The major reason for the decrease in net assets during 2003 was a correction involving the capital assets of one of the six internal service funds. This correction had the impact of decreasing that fund's net assets by approximately $8 million.

  The adopted financial workout plans for the Internal Services Funds will result in positive net assets and cash balances for these funds over the next few years. The 2005 Adopted Budget will meet the financial goals of the three adopted plans.

- **Parking Fund Financial Plan**

  The Council Adopted budget reduces the General Fund transfer from the City's Municipal Parking Fund by $1 million. This decrease is in line with the adopted Parking Fund financial plan, which was developed to address the cash deficits within the fund.

- **Funding for Physical Infrastructure**

Transportation Infrastructure

In January 2003, the Mayor and Council adopted a five-year plan for the property tax supported funds; this plan was updated in March of 2004. One of the many results of this plan is a reduction in the funding available for maintenance and construction of transportation-related physical infrastructure, as managed by the Public Works Department. The City made the decision that forecasted resource levels would not support the previously adopted planned growth in spending, neither capital nor maintenance. This was based on the Mayor and Council's decisions on how the limited growth in resources would be allocated. Police and Fire were the top priorities for funding.

Resources available for infrastructure investment, especially as it relates to transportation were reduced further as a result of recent cuts to state aid. The City is working aggressively to identify alternative revenue strategies, other than the property tax, to fund transportation capital and maintenance needs.

Park Board Infrastructure

The 2005 Council Adopted budget includes $2.4 million in property tax supported funding for Park Board capital and $1.0 million earmarked for Parkway Street Lighting Systems improvements. The amounts for Park Board capital improvements include a Park Board capital levy, which has been increasing by $215,000 each year since 2003. This levy, as adopted, will grow to reach $1.5 million in 2009.

Utilities (Sewer and Water)

The budget includes funding for additional water- and sewer-related infrastructure expenditures “gap closure” at a slightly lower rate for water and a higher rate for sewer. This investment continues the City’s commitment to closing the infrastructure “gap” for water and sewer services. The water and sewer 5-year utility rate schedule reflects this planned investment.

- **Funding for increasing pension liabilities**

Increased costs associated with two of the City’s pension funds, Minneapolis Employee’s Retirement Fund (MERF) and Minneapolis Police Relief Association (MPRA), continues to have a significant impact on the budget.

Minneapolis Employee’s Retirement Fund (MERF): While the City and MERF members have been making the annual amount of contributions mandated by the State, MERF members have been retiring at a faster pace and at higher costs than originally forecasted by MERF actuaries.[4] The City began issuing general obligation (pension) bonds in December of

[4] The actuarial assumptions used by MERF are specified by state statute. These actuarial assumptions used have not materialized and as a result have not reflected the actual number and cost of retirements.

2002 to cover the estimated cost of retirements and continued to do so in 2003; additional bonds will have to be issued to cover these costs in 2005 and in the future.

The 2005 budget will include the funds necessary to make the debt service payments associated with these bonds. MERF debt service has been allocated to departments and agencies with employees in the MERF retirement plan.

Minneapolis Police Relief Association: The increase in the City's contribution for the MPRA is directly related to an increase in the Association's unfunded liability. In the past few years, the fund's unfunded liability has more than doubled, due primarily to the negative performance of the equity markets. This has increased the fund's unfunded liability from $56 million in 2000 to $165 million in 2003[5], an increase of $109 million. The incremental increase in the City's contribution to MPRA is funded through bond proceeds in order to meet the Mayor and City Council's adopted tax policy, as was done with the 2003 and 2004 adopted budgets.

Minneapolis Fire Relief Association: Starting in 2005 the City will again make a contribution to the MFRA. Another of the City's closed pension funds, the MFRA was previously 100 percent funded, which meant that the City did not need to make annual contributions. Poor investment performance reduced the funding level for the MFRA and, as a result, the City will make a contribution of approximately $5 million to the MFRA in 2005. This contribution will be funded through the issuance of bonds, similar to the MPRA and MERF. The debt service associated with these bonds will be paid through the property tax levy.

- **Funding for debt obligations for voter-approved Central Library and community library improvements**

  The first of several years of major increases in the property tax levy to fund the new central library and community libraries, as approved by the voters, began in 2003. For 2005, the property tax levy amount will be approximately $3 million and will increase annually by $3.0 million for years 2005 through 2007 until the base annual property tax levy for payment on the referendum bonds reaches $12.5 million.

Major Changes in the 2005 Council Adopted Budget

The Council Adopted Budget recommends the following major changes:

- Reductions in accordance with the five year plan for the following departments: City Attorney ($290,000), Emergency Communications ($180,000), Finance ($320,000), Human Resources ($102,000), Civil Rights ($200,000), Community Planning and Economic Development ($80,000), and Fire ($251,000).

[5] The City's municipal contribution is based on the most recent completed actuarial valuation. The City's 2005 contribution is based upon the 2003 actuarial valuation.

- Reduction of $75,000 to Regulatory Services and increase to the Police Department of $75,000

- Reduction of $75,000 to the City Coordinator's department and increase to the Police Department of $75,000.

- Reductions less than the five year plan for the Police department ($2.2 million in reductions)

- Transfer of $5 million for the Year 2004 General Fund reserve for the purpose of paying principal and interest on $5 million of bonds that funded a portion of the City's 2005 pension obligations. This will reduce current debt service by an annual amount of $500,000. Increase the Police Department budget by $500,000 in 2005.

- Reduction of $125,000 to the Art in Public Places capital project and addition of $125,000 to the Park Board capital projects (over the five years of the plan).

- Reductions less than the five year plan for the Health and Family Support Department ($650,000 in reductions)

- Reductions less than the five year plan for the Public Works department as a result of slower growth than anticipated ($1.2 million in reductions)

- An additional position to the Communications department for Community Engagement ($65,000)

- Additional $75,000 to Health and Family Support to fund on a one-time basis the Minnesota Visiting Nurses Association (MVNA) services with daycare providers (reduces the Health and Family Support reduction as shown above.

- Additional resources to intergovernmental relations for enhanced federal and state efforts ($65,000)

- One-time funding to address the Civilian Review Authority Backlog ($70,000)

- Shifting the New Arrivals and Native American Advocate from the Department of Health and Family Support to the Civil Rights department. ($235,000 plus CDBG funding)

- An additional position in Community Planning and Economic Development to support enterprise job creation and career laddering ($77,000)

- One-time funding for a Police Department Retirement Incentive ($350,000)--any positions vacated as a result of the incentive will be eliminated

- A reduction in the planned debt service support for pensions as the result of more detailed actuarial analysis ($1.5 million)

- Reductions in the City Attorney's office related to declines in Local Law Enforcement Block Grant and Hennepin County reimbursement

- Shifting the Real Estate function in Public Works to Community Planning and Economic Development ($200,000 and a position); shifting the Property Management functions in Community Planning and Economic Development to Public Works Property Services ($830,000 and seven positions)

- The Council did not accept the Mayor's recommendation regarding reducing the Greater Minneapolis Convention and Visitor's Bureau's allocation by $100,000. The Council also did not adopt the $350,000 allocation from within the GMCVA's funding for downtown policing. The adopted budget includes redirecting the $100,000 previously used for the Minneapolis Unwrapped and Riverfront Marketing programs to a Request for Proposal process from Neighborhood groups for neighborhood tourism related marketing

- One-time funding in the Public Works Solid Waste and Recycling budget for a study of options on the South and Pacific transfer facilities ($150,000)

- Addition of $40,000 to the Residential Parking planning fund in the Public Works Operating Budget. This reduces the Parking Fund balance.

- One-time funding in the permanent improvement fund of a study of the Midtown Greenway Street car, including the study of the bridges ($200,000 funded from property sales by Public Works to date)

- CDGB dollars for problem properties are allocated in the following manner: $75,000 to the Police Department; $25,000 and .25 FTE position to Fire; $50,000 and .5 FTE position to the City Attorney $50,000 and 1 FTE position to Regulatory Services.

- A project was added to CPED to address the City's commitment to acquire the Lao Lutheran Church within three years, with staff directed to return with potential funding mechanisms.

- Allocation of $200,000 from within business finance funding for Neighborhood Business Associations, within current CPED funds.

- Application of existing financial policies to the Sewer/Stormwater fund reorganization; existing policies allow for accounting changes to implement the Council's intent, including creation of new fund, agencies and position allocations.

- Addition of $100,000 in additional workhouse costs, based on 2003 and 2004 year to date expenditures, with a reduction in contingency by a like amount.

- Direction to licensing staff to work with the City Attorney and prepare a recommendation regarding the strategy of charging business licensees the cost of providing added police services to business owners, with a report to Public Safety and Regulatory Services Committee by February 2nd, 2005.

- Implementation of the General Fund Overhead Rate model, which charges City departments outside the General Fund for management services they receive from General Fund departments. The departmental shifts in expenses and revenues are shown in the chart below.

General Fund Overhead Rate Model			
Department	**Expense Increase**	**Revenue Increase**	**Revenue Decrease**
Miscellaneous City-wide Revenue		$14,151,641	
Finance-Cash Mgmt (Utility Billing)			$4,488,391
Finance-Controller	$3,985,607		$45,000
Finance-Community Planning and Economic Development - Development Finance			$2,305,807
Transfers from Community Planning and Economic Development			$871,500
Payments from IBA			$1,100,000
Human Resources - Enterprise Funds	$924,645		
Civil Rights - Community Planning and Economic Development Payment			$245,000
Water Fund Increase	$601,004		
Total	**$5,511,256**	**$14,151,641**	**$9,055,698**

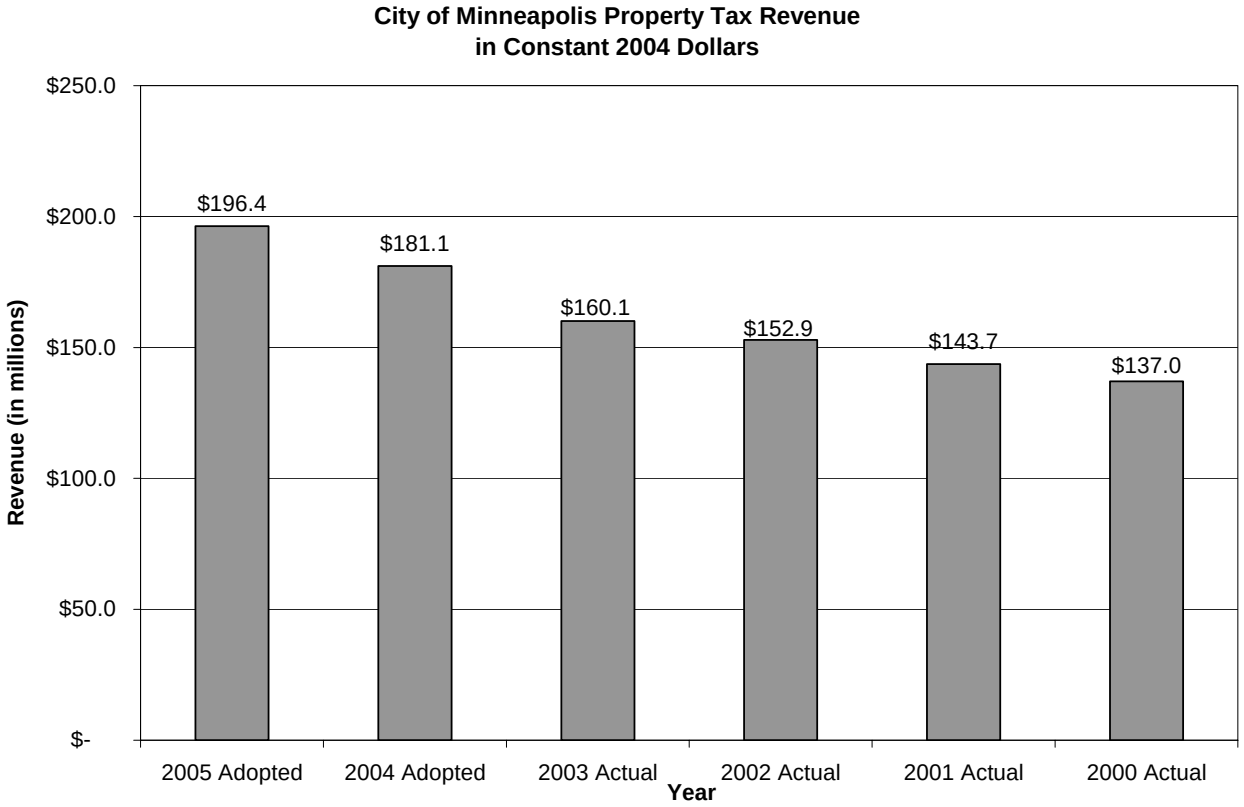
Property Tax and Fee Changes

➢ Property Tax Revenue

The 2005 budget includes a property tax rate estimated at 62.999 percent. This tax rate will provide an additional $11.4 million in property tax revenue, which is a 6 percent increase over 2004. Total (tax capacity based) property tax revenue will increase from $176 million to $187 million. The City's net tax capacity (after reductions for tax increment and fiscal disparities) is projected to increase by 11 percent for taxes payable 2005, from $268 million to $296 million.

In addition to the $11.4 million in property tax revenue increase that is spread over the City's tax capacity, the City will also need to increase property tax revenue by another $3 million due to the voter approved library referendum bonds that have been issued for a new central library and improvements to the City's community libraries.

In total, property tax revenue for the City and its independent boards will increase by 8 percent from 2004 to 2005 or by $14.4 million, based on the 2005 budget. This increase is consistent with the City Council's adopted property tax policy.



*The amounts shown in this table represent property tax and fiscal disparities revenue.

- **Sewer and Water Utility Fees**

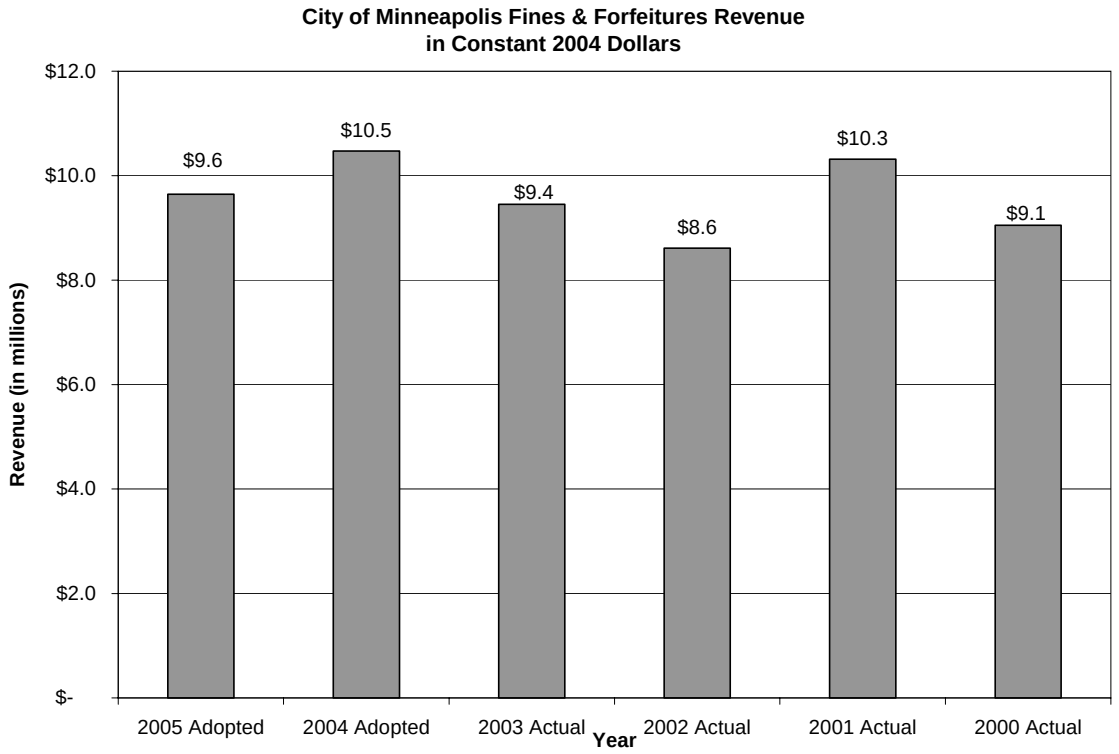
  To fund investments for the City's sewer, flood mitigation, storm water management, and water treatment and distribution systems, the 2005 budget includes an increase in utility rates of $0.12 for water and $0.21 for storm water/sewer/flood mitigation (SWSFM). This represents a 5.0 percent increase for water and a 6.1 percent increase for SWSFM.

- **Solid Waste and Recycling Fee**

  The Council did not increase solid waste and recycling fees for 2005. The five-year rate schedule for solid waste and recycling fees did include a planned 75-*cent* increase in the per dwelling unit monthly rate, but that increase is not necessary due to stronger than anticipated financial performance of this fund. Strong management control has resulted in several years of positive net income above the planned level.

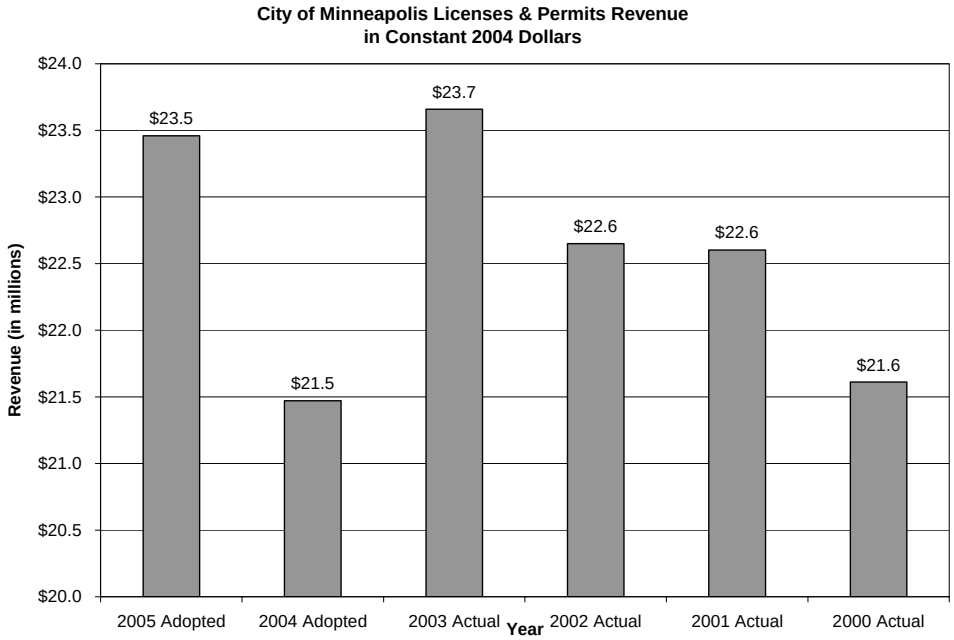
- **Franchise Fees**

  The 2005 Council Adopted Budget includes a $1.2 million decrease in franchise fee revenues related to the City's franchise agreement with Xcel Energy. This decrease was anticipated and relates to the structure of the agreement's fee schedule.



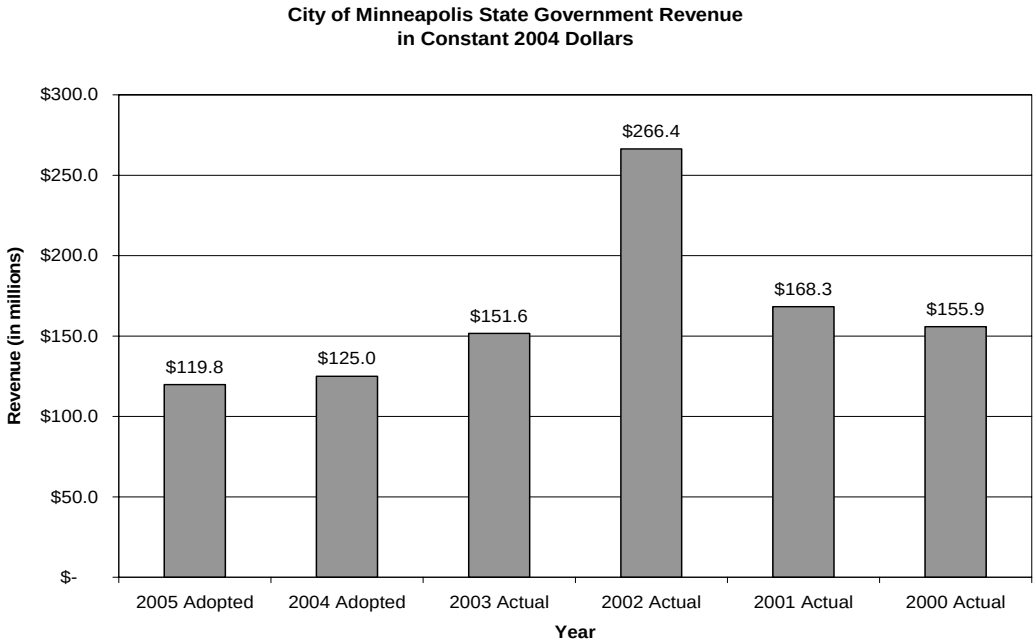
➢ Other Fee Changes

The licenses and inspections fees will be adjusted by an inflationary factor, as already approved by the Council in some cases. The 2005 Council Adopted Budget is structured so as to prevent the property taxpayers from having to subsidize fee-based services.



➢ State Aid

The State of Minnesota cut aid to Minneapolis by $37 million (on an annual basis) -- Local Government Aid (LGA) from the State will be $80.3 million in year 2005 as compared to an original 2003 budget amount of $117.5 million.



Property Market Values and Tax Base Highlights

Following is a chart from the City Assessor's Office with estimated market values and corresponding tax capacity by group. As the data shows, the City's tax capacity was greatly impacted by the 2001 legislative session and the resulting property tax reform.

For Taxes Collected in 2005 [6]

Group	2005 Estimated Market Value	% Total	% Change	Tax Capacity	% Total	% Change
Commercial	4,646,614,700	15.1%	-0.5%	90,636,099	27.2%	-0.6%
Industrial	1,347,262,100	4.4%	3.5%	26,201,462	7.9%	3.5%
Residential	21,504,338,600	70.0%	12.2%	175,898,930	52.8%	18.0%
Apartment	3,199,757,300	10.4%	6.5%	39,844,818	12.0%	6.4%
Other	18,532,400	0.1%	3.0%	277,988	0.1%	3.0%
Total	**30,716,505,100**	**100.0%**	**9.0%**	**332,859,297**	**100.0%**	**9.8%**

The market value and tax capacity data on the previous page does not include personal property, which is estimated to be approximately $373,663,000 (market value) with a tax capacity of $7,254,000 for 2005. With personal property included, tax capacity is estimated to increase by approximately 10 percent, before deductions for tax increment and fiscal disparities.

The following table of data provides the change in tax increment financing and fiscal disparities contribution and distribution for taxes payable 2005.

For Taxes Payable 2005[6]

Gross Tax Capacity	**$332,859,000**
+ Plus Personal Property	$7,254,000
- Less Tax Increment Financing	($47,011,000)
- Less Fiscal Disparities Contribution	($34,107,000)
+ Plus Fiscal Disparities Distribution	$37,894,000
Net Tax Capacity	**$296,889,000**

Property Values and Tax Trends

The 2001 tax bill enacted by the state legislature, made comprehensive changes to the property tax laws. Under Minnesota's state property tax system, if the State reduces the level of property tax for one property type through changes in the classification system, the taxes shift to other property types. The same principle applies if market values change for one property type but not another.

[6] This information was provided by the City of Minneapolis Assessor's Office and was the most current information available at the time this budget document was printed.
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Different property uses pay tax at a different rate as a result of the State's property tax classification system. The taxes are a function of the market value taken times the statutory class rate times the tax rate. The 2001 legislature made changes to the property tax classification rates that reduced the rates for commercial/industrial property, apartments and high valued homes.

In 2001, the State Legislature enacted a statewide property tax on commercial, industrial and seasonal-residential recreational properties. The State of Minnesota now receives 26 percent of the property taxes paid on those property types. Until recent property tax reform, property taxes were collected and distributed exclusively at the local level.

Minneapolis has historically had a strong commercial and industrial tax base. For taxes payable in 1996, Minneapolis commercial and industrial property paid 54.7 percent of the total taxes for the city with the central business district alone paying almost 40 percent. After property tax reform, for taxes payable in 2005 this declined to 38.1% of the city total with the central business district paying approximately 28 percent. The commercial/industrial share of the City's taxes is projected to continue to decrease to 34.1 percent in payable 2010. Corresponding percentages for residential property (defined as 1-3 dwelling units) show that this class paid 33.6 percent of the city's taxes in 1996, increasing to 43.7 percent for payable 2005 and projected to be 56.3 percent in payable 2010. This represents almost a complete reversal in the share of the City's tax burden between the two property types.

The changes in distribution of tax base are a function of both market conditions and changing class rates. Residential property has increased in value at a higher rate than other property types in the past several years. The residential tax base grew 16 percent in 2000, 23.4 percent in 2001, 15.2 percent in 2002, 14.2 percent in 2003 and 11.9 percent in 2004. Similar increases in residential taxes have been avoided because of the *limited market value* law. The 2001 legislature phased out limited market value over a six-year period, with the final phase out in payable 2007. Minneapolis had a differential of over $4 billion between total residential market value and limited market value in 2004. As the limited market value is phased out, even if the real estate market remains flat, this action will cause a significant shift in tax burden to residential property. If the market continues to be stronger for residential than other property types it will continue to further compound the property tax shift.

Commercial real estate values are traditionally cyclical with periods of high vacancy resulting in lower rents and values while periods of low vacancy result in high rents and high values. The Minneapolis central business district is in a period of high vacancy and the market value (and hence the tax) on downtown office buildings has recently declined. This reduction of tax paid by these properties at the city level is compounded by 26 percent of the tax being directed to the State of Minnesota rather than staying at the local level as a result of the 2001 Property Tax Reform. This state tax is used to increase the level of funding that the state provides to local school districts.

The market for Minneapolis commercial properties located in neighborhood commercial nodes or along the city's commercial corridors has been extremely strong over the past several years. However, their increased values cannot offset the enormous impact of a decline in value for over 25 million square feet of office space in the central business district.

City of Minneapolis
2005 Adopted Budget
Ten Year Projection of Demands on the Property Tax

Background

The ten year projection was first produced in spring of 2002. The intent was to surface all the demands on the property tax to which the City had committed. This projection led to the work to adopt the 8% maximum property tax policy in summer of 2002. The maximum property tax policy was adopted by both the City Council and the Board of Estimate and Taxation. In January 2003, the City Council and Mayor adopted a five year financial direction to set parameters for departments when building their business plans.

This is the first update to the ten year projection since the Adopted budget in 2003. This projection adds 2011 and 2012.

Assumptions in the Ten Year Projection

These listed assumptions build on the original work from spring 2002. For complete details on the financial challenges which the City faces, please refer to the original narrative on the "Projected Demands on the Property Tax."

General Fund Operations

- 2% Wage Policy is in effect through 2012
- 19% annual increases in health insurance premiums
- No increase in departmental and City-wide revenue (except for regulatory services revenues which are expected to increase by 3%). Please see the discussion in the 2006-2010 five-year financial direction document earlier under this same tab for more information
- Reductions in revenue related to the parking fund financial plan
- Internal Service Funds work out plan increases continue:
    - Self Insurance $0.5 million in 2006, $1 million annually in 2007-2012
    - Intergovernmental Service Fund (BIS) $1.2 million annually in 2006-2008
    - Equipment $0.7 million in 2006

  The projection includes slight cost of living increases for these operations
- Reductions to general fund operations are needed in each year of the plan

Capital and Debt

- Reductions to both the pay-as-you capital levy and the debt service levies continue in 2006-2009. These reductions were included in the five-year financial direction
- A slight (2%) increase is included for both of these levies for 2010-2012

Independent Boards

- Parameters remain the same for independent board operating levy increases – Park, Library, Municipal Building Commission, Public Housing Authority and the Board of Estimate and Taxation all receive a 4% levy increase to deal with increased costs of providing services
- Increases to support the library referendum levy are included in the projection through 2007
- Pension obligations are funded in each year of the projection. Increases in the property tax levy are currently estimated to cease 2011

City of Minneapolis - Details of Annual Demand (Increases) in Property Tax Revenue

	Adopted			Future Projected Demands on the Property Tax							
(In millions of dollars)	2002	2003	2004	Adopted 2005	2006	2007	2008	2009	2010	2011	2012
City General Fund Operations:											
Net Base Increase (not including Health)	7.5	8.5	2.1	14.3	10.1	10.3	10.5	10.7	10.9	11.2	11.4
Decision Packages - New Programs/Initiatives	2.5		-								
Health Insurance	2.1	2.4	2.2	1.8	3.3	3.9	4.7	5.6	6.6	7.9	9.4
Infrastructure Maintenance Gap Closure Program	0.6	0.4	-	-	-	-	-	-	-	-	
PERA Employer Contribution (change in formula)	0.4		-								
Internal Service Funds	3.2	3.7	3.7	3.9	2.3	2.4	2.5	1.4	1.0	1.1	1.0
Local Govt Aid/HACA - Chg in Distribution	(8.4)	1.0	-								
Tax Abatement	0.5		-								
General Fund Contingency	0.3	0.3	-	-	-	-	-	-	-	-	
Targeted Strategies Needed to Balance Budget	**(13.9)**	**(5.9)**	**-**	**(7.0)**	**(4.2)**	**(7.2)**	**(5.6)**	**(2.5)**	**(3.6)**	**(0.5)**	**(0.6)**
Subtotal	(5.2)	10.5	8.0	13.0	11.5	9.4	12.1	15.2	15.0	19.6	21.2
City Capital/Debt:											
Infrastructure Capital Gap Closure Program began in 1999	1.0	1.0	-	-	-	-	-	-	-	-	
Permanent Improvement Fund	(0.0)	0.2	-	(0.2)	(0.5)	(0.7)	(0.5)	(0.5)	0.1	0.1	0.1
Debt structuring changes	0.9		(2.6)	(3.9)	(4.0)	(2.1)	(1.3)	(1.0)	0.4	0.5	0.6
Public Safety Initiative began in 2001	0.5	0.5	-								
Local Govt Aid/HACA - Chg in Distribution	3.4										
Subtotal	5.8	1.7	(2.6)	(4.1)	(4.5)	(2.8)	(1.8)	(1.5)	0.5	0.6	0.7
City Total	**0.6**	**12.2**	**5.4**	**8.9**	**7.0**	**6.6**	**10.3**	**13.7**	**15.4**	**20.2**	**21.9**
Independent Boards and Special Levies											
Park Board Base Levy	1.9	1.7	1.8	1.6	1.7	1.7	1.8	1.9	1.7	1.8	1.8
Park Board - Local Govt Aid/HACA - Chg in Distribution	1.4	(1.0)	-								
Park Board Operating (Referendum Agreement)	1.2										
Park Board Capital (Referendum Agreement)	2.5	(3.0)	-								
Subtotal Park Board	7.0	(2.3)	1.8	1.6	1.7	1.7	1.8	1.9	1.7	1.8	1.8
Library Board Base Levy	2.0	(0.6)	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7
Library Board - Local Govt Aid/HACA - Chg in Distribution	(0.6)										
Library Board - Referendum Levy		*0.5*	*3.0*	*3.0*	*1.7*	*1.9*	-	-	-	-	
Subtotal Library	1.5	(0.2)	3.5	3.5	2.2	2.4	0.5	0.6	0.6	0.6	0.7
Municipal Bldg Commission	0.8	0.2	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2
Community Development - Chapter 595 Special Levy	4.0	-	(2.0)	(2.0)	-	-	-	-	-	-	
Minneapolis Public Housing Authority - Special Levy		0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1
Teachers Retirement Assoc. - Special Levy	*0.2*	*0.2*	-								
Pension Funds MERF, Police, and Fire (debt service beg in 2003)	*3.9*	*2.0*	*4.5*	*2.3*	*4.5*	*5.8*	*5.3*	*3.2*	*3.2*	-	-
Total Independent Boards and Special Levies	**17.2**	**(0.1)**	**7.8**	**5.5**	**8.6**	**10.2**	**7.8**	**5.9**	**5.7**	**2.6**	**2.8**
Total Annual Increase in Property Tax Revenue	**17.8**	**12.1**	**13.2**	**14.4**	**15.6**	**16.8**	**18.1**	**19.5**	**21.2**	**22.9**	**24.7**
Total Property Tax Revenue	154.0	166.1	179.3	193.7	209.2	226.0	244.2	263.7	284.9	307.7	332.4
Annual Percent Increase	13%	8%	8%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

2005 Adopted Budget
Tax Rates and Levies
Based on information available as of January 2005

NET TAX CAPACITY BASED (NTC) LEVIES

	2003		2004		2005	
City Levies	**Tax Rate (%)**	**Total Tax Levy $$**	**Tax Rate (%)**	**Total Tax Levy $$**	**Tax Rate (%)**	**Total Tax Levy $$**
General [1]	27.580	$ 68,658,521	32.489	$ 86,926,879	34.865	$ 103,678,649
Police Personnel Expansion	0.000	0	0.000	0	0.000	0
Estimate and Taxation	0.059	145,553	0.057	151,375	0.053	157,430
Building Commission	1.408	3,502,966	1.327	3,549,377	1.242	3,691,352
Permanent Improvement	1.100	2,737,240	0.818	2,187,240	0.662	1,967,240
Bond Redemption	12.851	31,982,883	9.813	26,255,877	7.655	22,764,000
Firefighter's Relief Association	0.000	0	0.000	0	0.000	0
Police Relief Association	1.191	2,962,300	1.108	2,962,300	0.000	0
Minneapolis Employees Retirement Fund	1.604	3,990,564	1.492	3,990,564	1.013	3,010,000
Sub-Total City Levies	45.793	$ 113,980,027	47.104	$ 126,023,612	45.490	$ 135,268,671
Lake Pollution Control	0.151	$ 375,725	0.000	0	0.000	0
Park and Recreation	11.229	27,945,293	10.819	28,945,342	10.190	30,301,312
Tree Preservation and Ref.	0.973	2,420,977	2.199	5,882,407	2.058	6,117,347
Shade Tree Disease Control	0.938	$ 2,332,764	0.000	0	0.000	0
Sub-Total Park Board Levies	13.291	$ 33,074,759	13.018	$ 34,827,749	12.248	$ 36,418,659
Library Board [2]	4.565	$ 11,360,485	4.416	$ 11,814,904	4.132	$ 12,287,500
Sub-Total City Levies	**63.649**	**$ 158,415,271**	**64.538**	**$ 172,666,265**	**61.870**	**$ 183,974,830**
City-Related Special Levies						
Chapter 595/HRA Levy	1.608	$4,000,000	0.000	$0	0.000	$0
Public Housing	0.417	1,040,000	0.403	1,081,600	0.378	1,124,864
Teachers' Retirement	0.904	2,250,000	0.832	2,250,000	0.751	2,250,000
Watershed Districts [3]	1.236	2,535,422	0.768	2,614,619	1.274	3,788,000
Sub-Total City-Related Specials Levies	**4.165**	**$ 9,825,422**	**2.003**	**$ 5,946,219**	**2.403**	**$ 7,162,864**
Other Special Levies						
Hennepin County	45.068	$113,078,056	41.943	$113,928,147	39.131	$116,359,000
Minneapolis Public Schools	33.437	84,395,623	32.389	86,609,984	26.848	79,834,000
Other Special Taxing Districts [4]	5.095	12,012,539	4.889	12,367,817	4.821	14,336,000
Sub-Total Other Specials Levies	**83.600**	**$ 209,486,218**	**79.221**	**$ 212,905,948**	**70.800**	**$ 210,529,000**
TOTAL NTC BASED LEVIES	**151.414**	**$ 377,726,910**	**145.762**	**$ 391,518,432**	**135.073**	**$ 401,666,694**

REFERENDUM MARKET VALUE BASED (RMV) LEVIES

	2003		2004		2005	
	Tax Rate (%)	**Total Tax Levy $$**	**Tax Rate (%)**	**Total Tax Levy $$**	**Tax Rate (%)**	**Total Tax Levy $$**
Minneapolis Public Library Referendum	0.00205	$ 403,863	0.01420	$ 3,400,000	0.02391	$ 6,400,000
Minneapolis Public Schools Referendum	0.07675	19,647,416	0.09833	27,318,163	0.09444	25,270,000
Solid Waste Fee [5]	0.01896	4,176,099	0.01786	4,277,668	0.01594	4,260,000
	0.09776	$ 24,227,378	0.13039	$ 34,995,831	0.13429	$ 35,930,000
TOTAL RMV BASED LEVIES	**0.09776**	**$ 24,227,378**	**0.13039**	**$ 34,995,831**	**0.13429**	**$ 35,930,000**
TOTAL ALL LEVIES		**$ 401,954,289**		**$ 426,514,263**		**$ 437,596,694**

Notes:

[1] This amount includes the Economic Development/Tax Abatement Levy.
[2] This does not include the Library Board referendum levy. That amount is listed under "Referendum Market Value Based Levies."
[3] The watershed Levy $$ are for watersheds 3 & 6 & 7, these watersheds silightly adjust the levy rates for the School & County applicable to these areas also, table shows #3

Water Shed #	**# 0**	**# 3**	**# 6**	**# 7**
School Rate	26.806	26.848	26.784	26.806
County Rate	39.101	39.131	39.085	39.101
Water Shed rate	0.000	1.274	2.690	0.342
Total NTC Based rate	**128.906**	**135.073**	**136.379**	**134.069**

[4] Other special taxing jurisdictions include: Metro Mosquito Control, Metropolitan Council, Metro Transit, Park Museum, & Hennepin County Regional Railroad Authority
[5] The Solid Waste Fee amounts are the portions associated with Minneapolis only.
[6] The Tax Levy $$ are Certified Levy Amounts.
[7] The Tax rate applies to 72.9721% of the Commercial property's taxable value and the area wide rate of 129.863 applies to the remaining 27.0279% in addition to the State rate of 52.00

Council Adopted 2005 Budget
Property Tax Levy Recommendation

		Based on Adopted Tax Policy			2005 Adopted		
	2004 Adopted Levies	2005	% Chg from 2004	$ Chg from 2004	2005 Recommended	% Chg from 2004	$ Chg from 2004
Total by Major Funds:							
General Levies	146,410,388	161,210,830	10.1%	14,800,442	161,210,830	10.1%	14,800,442
Special Levies	32,987,477	32,538,864	-1.4%	(448,613)	32,538,864	-1.4%	(448,613)
Grand Total	179,397,865	193,749,694	8.0%	14,351,829	193,749,694	8.0%	14,351,829
Total by Entity:							
City*	126,023,612	135,268,671	7.3%	9,245,059	135,268,671	7.3%	9,245,059
Park Board**	34,827,749	36,418,659	4.6%	1,590,910	36,418,659	4.6%	1,590,910
Library Board	11,814,904	12,287,500	4.0%	472,596	12,287,500	4.0%	472,596
Library Board Referendum	3,400,000	6,400,000	88.2%	3,000,000	6,400,000	88.2%	3,000,000
Public Housing Authority	1,081,600	1,124,864	4.0%	43,264	1,124,864	4.0%	43,264
Teachers Retirement	2,250,000	2,250,000	0.0%	0	2,250,000	0.0%	0
Grand Total	179,397,865	193,749,694	8.0%	14,351,829	193,749,694	8.0%	14,351,829

Notes:
** Includes the Municipal Building Commission , Board of Estimate and Taxation and Pension Levies*
*** Park Board increase from 2004 to 2005 includes the additional capital infrastructure funding as approved in the adopted tax policy, which is why the percent is greater than 4%.*

Summary of Residential Property Tax and Utility Fees

Residential Property Home with Estimated Market Value $129,000				
	2004	**2005**	**% change**	**$ change**
Asessed Market Value	$ 116,500	$ 129,000	10.7%	$ 12,500
Taxable Value	$ 98,500	$ 113,200	14.9%	$ 14,700
City Property Taxes				
Property Tax	$ 520	$ 587	12.9%	$ 67
Referendum Tax	$ 14	$ 27	93.5%	$ 13
Total City Property Taxes	$ 534	$ 614	15.0%	$ 80
Water	$ 228	$ 240	5.3%	$ 12
Sewer	$ 247	$ 262	6.1%	$ 15
Solid Waste/Recycling	$ 231	$ 231	0.0%	$ -
Total Utilities	$ 706	$ 733	3.8%	$ 27
Total Property Taxes and Utilities	$ 1,240	$ 1,347	8.6%	$ 107

Residential Property Home with Estimated Market Value $211,500				
	2004	**2005**	**% change**	**$ change**
Asessed Market Value	$ 186,000	$ 211,500	13.7%	$ 25,500
Taxable Value	$ 133,000	$ 152,900	15.0%	$ 19,900
City Property Taxes				
Property Tax	$ 762	$ 855	12.1%	$ 92
Referendum Tax	$ 19	$ 37	93.5%	$ 18
Total City Property Taxes	$ 781	$ 891	14.1%	$ 110
Water	$ 228	$ 240	5.3%	$ 12
Sewer	$ 247	$ 262	6.1%	$ 15
Solid Waste/Recycling	$ 231	$ 231	0.0%	$ -
Total Utilities	$ 706	$ 733	3.8%	$ 27
Total Property Taxes and Utilities	$ 1,487	$ 1,624	9.2%	$ 137

Summary of Residential Property Tax and Utility Fees

Residential Property Home with Estimated Market Value $475,000				
	2004	**2005**	**% change**	**$ change**
Asessed Market Value	$ 452,500	$ 475,000	5.0%	$ 22,500
Taxable Value	$ 360,400	$ 414,400	15.0%	$ 54,000
City Property Taxes				
Property Tax	$ 2,349	$ 2,611	11.1%	$ 262
Referendum Tax	$ 51	$ 99	93.6%	$ 48
Total City Property Taxes	$ 2,400	$ 2,710	12.9%	$ 310
Water	$ 228	$ 240	5.3%	$ 12
Sewer	$ 247	$ 262	6.1%	$ 15
Solid Waste/Recycling	$ 231	$ 231	0.0%	$ -
Total Utilities	$ 706	$ 733	3.8%	$ 27
Total Property Taxes and Utilities	$ 3,106	$ 3,443	10.8%	$ 337

Residential Property Home with Estimated Market Value $992,500				
	2004	**2005**	**% change**	**$ change**
Asessed Market Value	$ 863,000	$ 992,500	15.0%	$ 129,500
Taxable Value	$ 745,000	$ 860,500	15.5%	$ 115,500
City Property Taxes				
Property Tax	$ 5,303	$ 5,989	12.9%	$ 686
Referendum Tax	$ 106	$ 206	94.5%	$ 100
Total City Property Taxes	$ 5,409	$ 6,195	14.5%	$ 786
Water	$ 228	$ 240	5.3%	$ 12
Sewer	$ 247	$ 262	6.1%	$ 15
Solid Waste/Recycling	$ 231	$ 231	0.0%	$ -
Total Utilities	$ 706	$ 733	3.8%	$ 27
Total Property Taxes and Utilities	$ 6,115	$ 6,928	13.3%	$ 813

Commercial/Industrial Property $348,000 Valued C/I Property	2004	2005	$ Chg	% Chg
Assessed Market Value	$316,500	$348,000	$ 31,500	10.0%
Taxable Value	$316,500	$348,000	$ 31,500	10.0%
City Property Taxes				
City Property Tax	$2,656	$2,855	$ 199	7.5%
Referendum Tax	$45	$83	$ 38	85.2%
Total City Property Taxes	$2,701	$2,938	$ 237	8.8%

Commercial/Industrial Property $9,500,000 Valued C/I Property	2004	2005	$ Chg	% Chg
Assessed Market Value	$9,500,000	$9,500,000	$ -	0.0%
Taxable Value	$9,500,000	$9,500,000	$ -	0.0%
City Property Taxes				
City Property Tax	$90,072	$87,002	$ (3,070)	-3.4%
Referendum Tax	$1,349	$2,271	$ 922	68.4%
Total City Property Taxes	$91,421	$89,273	$ (2,147)	-2.3%

Apartment Property $420,000 Valued Apartment Building	2004	2005	$ Chg	% Chg
Taxable Value	$ 350,000	$ 420,000	$ 70,000	20.0%
City Property Taxes				
City Property Tax	$ 2,878	$ 3,307	$ 430	14.9%
Referendum Tax	$ 50	$ 100	$ 51	102.1%
Total City Property Taxes	$ 2,927	$ 3,408	$ 481	16.4%

Apartment Property $645,000 Valued Apartment Building	2004	2005	$ Chg	% Chg
Taxable Value	$645,000	$645,000	$ -	0.0%
City Property Taxes				
City Property Tax	$5,303	$5,079	$ (224)	-4.2%
Referendum Tax	$92	$154	$ 63	68.4%
Total City Property Taxes	$5,395	$5,234	$ (161)	-3.0%

City of Minneapolis
2005 Adopted Budget
Five-year Financial Direction 2006-2010

Introduction

In keeping with the January 2003 resolution five-year financial direction and commitment to business planning resolution, this document reflects the an update to the five-year financial direction. Annually, the Mayor's Recommended budget will include a proposed direction for Council deliberation with adoption of the five-year financial direction with the adoption of the following year's budget.

The 2005 budget was the first year when the direction has been updated with the Mayor's recommendation. The purpose of adopting a 2006-2010 financial direction is to provide guidance for departments in updating their business plans during 2005.

New Conditions Reflected in the Financial Direction

The financial schedules and summary tables in this document take into account new circumstances that the City faces during the 2006-2010 timeframe:

- ***Direct Departmental and Enterprise-wide General Fund Revenue estimates*:** These estimates reflect a 0% growth rate on both direct revenue to departments in the general fund and City-wide revenues in the general fund. (An example of City-wide revenue in the general fund is franchise fees.)

  This is a **change** to the assumption regarding revenue estimates. A minimal growth factor of 1.5% was assumed in the adopted five-year financial direction and the March 2004 update. The City's experience with growth in these types of revenue has not kept pace with these expectations in 2003-2005. The decline in revenue estimates from the originally projected amount is $3-4 million for the term of the five-year plan.

  The exception to this assumption change is license and permit revenues in Regulatory Services, which still include 3% revenue growth.

- ***The 2005 Adopted budget is the basis for future projections**:* In other words, the starting place for the 2006-2010 department budget estimates is what is included in the 2005 Adopted budget.

  One-time 2005 supplemental items are removed from department budgets in 2006 and beyond. To the extent that 2005 budget reductions are from one-time sources (like attrition or leaves), the financial direction assumes that new strategies are identified to meet these reductions on an ongoing basis. The department that is most reflective of this circumstance is the Police department, where about $2 million of the 2005 Adopted budget target cuts are from one-time sources.

In summary, the 2005 budget for revenues and expenditure is the base for the 2006-2010 projections.

- ***No adverse news regarding Local Government Aid is incorporated into the projections***. The City has seen declines in LGA revenue as a result of changes in the need factors included in the LGA formula. Further, resolution of the State budget deficit may include discussions on the size of the LGA program.

- ***The 2006-10 plan contains no policy changes from the adopted five-year financial direction.*** The fundamental assumptions about service priorities remain.

- ***Property tax estimates are based upon adopted tax policy****.* No changes to the maximum revenue increase of 8% are included.

- ***Departmental Reductions in 2010 are distributed as reductions were distributed in 2009.*** As the time frame for business planning shifts out each year, a year is added to the projection based upon the previous year's assumptions.

- ***The City's pension outlook is no better, no worse than the estimates from earlier in 2004****.* The reduction in pension obligations estimated for the 2005 are included as a change to the base for the projections for 2006-2010. However, no new relief from these obligations are reflected in the five-year direction, nor are any new adverse circumstances.

- ***Change to policy allowing departments to use revenue increases to offset reductions in the five-year direction****:* As reflected in the assumption change outlined at the beginning of this section, department direct revenue estimates have not kept up with the minimal increases reflected in the adopted five-year financial direction. As materials are presented to elected officials, decisions regarding the departments use of revenues to offset their five-year financial direction reductions will be measured against the department's ability to limit expenditure to ¾ of the growth anticipated in the plan. This change institutes accountability for the reduced revenue assumptions in the plan.

- ***Wage growth is limited to 2%.*** To the degree that contracts settle at a higher rate in 2006-2010, additional reductions would be needed.

- ***No relief from reductions nor any growth is planned in the Capital or Debt Service Levies for the Capital plan until 2010****.* Pressure on the capital project budgets will continue. Any new projects will need to be offset by reductions in projects in the current plan. A 2% growth factor is included in 2010 in order to begin planning for expanded capital needs.

- ***No good news is anticipated resulting from tax increment decertifications****.* To the extent that more property tax comes back to the City, policy choices will

be needed. Finance is starting a project to estimate the effects of TI decertifications.

Detailed assumptions and schedules are located at the end of this section.

Summary of the Five-Year Direction

The following table reflects the 2005 Adopted Five-Year Financial Direction:

Department	2006-2010 Five Year Financial Direction (same as in the Five-Year Financial Direction)		2005 Budget (dollars in millions)			
	Reductions (dollars in millions)	**Positions** (assuming $75,000 per position)	**Adopted Budget**	**Adopted Five-Year Financial Direction**	**Difference due to 2005 Budget Decisions**	**Total Difference ***
Police	$10.4	139	$94.7	$90.7	$1.7	$4.0
Fire	$2.1	28	$45.2	$44.3	$0.0	$0.9
Public Works	$8.5	113	$36.3	$36.4	$0.0	($0.1)
Health and Family Support (HFS)	$3.0	40	$3.7	$2.8	$0.1	$0.9
Business Information Services (BIS)	$0.6	8	$0	$11.2	$0.0	($11.2)
Regulatory Services	$0	0	$20.9	$20.8	($0.1)	$0.1
All Other Spending	$5.2	69	$74.5	$58	$0.8	$16.5
Total	$29.8	397	$ 275.3	$264.2	$2.5	$11.1

* The total difference includes:

- Effects of the decisions in 2005,
- BIS rate model (which added payments in each department's budget rather than a centralized fund transfer of $11.2 million), and
- Other non-policy related accounting changes (general fund rate model implementation and shifting pension expense into the general fund).

Assumptions (Same as past projections– except items in bold)

- Decreased need for property taxes to support library referendum bonds are shifted to pension bonds
- Increased pension costs are offset by general fund reductions
- Health and Family Support's general fund support is eliminated; the laboratory budget (supported by fees) remains.
- The 2% wage cap is maintained over the five-years
- No greater than 19% growth is experienced in health insurance costs
- No additional cuts other than what was included in the five-year plan are included for the permanent improvement levy or for debt service
- Community Development Resources are reduced as planned in the 5-year direction originally. In addition, the direct general fund resources are reduced by the same proportion as the planning department in the five-year plan
- Departments that did not receive a reduction in the adopted plan do not receive one in the updated direction
- When detailed by year, the annual cuts mirror the cuts in the adopted five-year plan.
- Other than the reduction in 2005, no additional reductions in local government aid are assumed, LGA reductions from 2002, 2003, 2004 and 2005 are included in the base
- Revenues in the general fund are **NOT assumed to increase by annually**, except for licenses and permits which are anticipated to increase by 3.0% annually
- No additional revenues are anticipated from public works revenue (assessments, other fees)
- No additional programs or services are added – they would need to be funded by new revenue or through departmental efforts to reduce costs
- Financial relief for pension obligations from legislative or other sources is not anticipated
- Full funding of pension and internal service fund debts are included. Constraints in internal service funds are maintained. No additional pension bad news in planned.
- Reductions as planned to gap funding are reflected for public works, capital and debt service.
- The level of revenue from the parking fund is reduced according to the Council adopted financial work-out plan for that fund.
- Entertainment tax from the Convention Center fund flows at the same rate as in the past (about $8 million annually)
- No changes to state tax law regarding property taxes (including levy limits, classification rates, phase out of limited market value)
- No new revenue from decertification of tax increment financing districts.

Five Year Summary of Property Tax Supported Budgets

	2005 Expense	5-yr Projected Growth in Spending	5-yr Reduction to Growth in Spending	2010 Expense	Avg Annual % Incr over 5-yr period	2010 Direct Revenue	Allocated Revenues for Presentation Purposes *These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.* 2010 General City Revenues (Non-Direct)	2010 Local Government Aid	2010 Property Tax Revenue	2010 Total Revenues
Mayor	1,053,899	185,000	-	1,238,899	3.5%	-	306,440	315,307	617,153	1,238,899
Elections	963,708	162,000	(50,000)	1,075,708	2.3%	84,554	245,208	252,303	493,642	1,075,708
City Council	3,322,914	584,000	-	3,906,914	3.5%	-	966,563	994,531	1,945,820	3,906,914
Community Planning and Economic D	3,266,729	543,000	(400,000)	3,409,729	0.9%	567,300	721,787	742,672	1,377,971	3,409,729
Contingency	2,211,143	1,546,000	(1,500,000)	2,257,143	0.4%	-	632,563	650,867	973,713	2,257,143
City Coord Admin, Comm, IGR	4,102,523	719,000	-	4,821,523	3.5%	2,316,600	619,782	637,716	1,247,425	4,821,523
Civil Rights	2,338,040	187,000	(450,000)	2,075,040	-2.2%	-	538,056	553,625	983,359	2,075,040
Assessor	3,101,062	545,000	-	3,646,062	3.5%	134,000	868,822	893,962	1,749,278	3,646,062
City Clerk	1,305,447	229,000	-	1,534,447	3.5%	15,000	375,959	386,838	756,650	1,534,447
Health and Family	3,652,728	233,000	(2,352,212)	1,533,516	-11.6%	609,000	-	-	924,516	1,533,516
Human Resources	5,526,672	921,000	(600,000)	5,847,672	1.2%	5,000	1,470,227	1,512,768	2,859,676	5,847,672
Attorney	6,422,482	993,000	(600,000)	6,815,482	1.2%	108,000	1,684,227	1,732,960	3,290,296	6,815,482
Emergency Communications	6,683,866	1,458,000	(800,000)	7,341,866	2.0%	50,000	-	-	7,291,866	7,341,866
Internal Service Funds	16,426,110	12,222,000	-	28,648,110	14.9%	-	7,087,642	7,292,724	14,267,743	28,648,110
Finance	17,746,460	3,040,000	(900,000)	19,886,460	2.4%	47,569	4,945,400	5,088,496	9,804,995	19,886,460
Regulatory Services	20,892,048	3,666,000	-	24,558,048	3.5%	31,371,824	-	-	(6,813,776)	24,558,048
Business Information Services*	-	(63,000)	(600,000)	(663,000)	n/a	-	-	-	(663,000)	(663,000)
Public Works	36,335,689	10,043,000	(8,475,000)	37,903,689	0.9%	11,571,512	6,919,067	7,119,271	12,293,839	37,903,689
Fire	45,200,377	7,733,000	(2,055,000)	50,878,377	2.5%	2,565,700	12,004,804	12,352,164	23,955,710	50,878,377
Police	94,749,237	15,710,000	(10,433,980)	100,025,257	1.1%	8,582,277	22,952,525	23,616,659	44,873,796	100,025,257
Total General Fund	275,301,134	60,656,000	(29,216,192)	306,740,942	2.3%	58,028,336	62,339,074	64,142,861	122,230,671	306,740,942
Capital - Permanent Improvement	1,927,895	1,900,000	(2,110,000)	1,717,895	-2.2%	-	-	-	1,717,895	1,717,895
Debt Service	22,764,000	4,400,000	(8,409,379)	18,754,621	-3.5%	-	-	-	18,754,621	18,754,621
Subtotal	24,691,895	6,300,000	(10,519,379)	20,472,516	-3.4%	-	-	-	20,472,516	20,472,516
Total City (not incl special levies)	299,993,029	66,956,000	(39,735,571)	327,213,458	1.8%	58,028,336	62,339,074	64,142,861	142,703,187	327,213,458
Community Development	-	-	-	-	n/a	-	-	-	-	-
Pensions	18,439,800	17,000,000	-	35,439,800	18.4%	-	-	-	35,439,800	35,439,800
Total	318,432,829	83,956,000	(39,735,571)	362,653,258	2.8%	58,028,336	62,339,074	64,142,861	178,142,987	362,653,258

2005 Adopted	128,791,295
2010 Max	202,048,974
Difference between maximum and needed amount to balance	(23,905,987)
-	

Summary Information

	Total	% of Total Growth	Avg Annual Chg
Growth in Spending to fund Current Service Levels	83,956,000		4.9%
Offsetting Reduction to Growth in Spending	(39,735,571)	-47.3%	-2.4%
Offsetting Growth in NonTax Revenue	(510,213)	-0.6%	0.0%
Offsetting Growth in City's Share of Property Tax	(49,210,216)	-58.6%	9.0%
Total	(5,500,000)	-106.6%	

* Internal Service Funds line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund

2006 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue	Allocated Revenues for Presentation Purposes *These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.* General City Revenues (Non-Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1,053,899	32,000	-	1,085,899	-	305,866	301,188	478,846	1,085,899
Elections	963,708	29,000	-	992,708	84,554	255,878	251,965	400,311	992,708
City Council	3,322,914	102,000	-	3,424,914	-	964,386	949,637	1,510,891	3,424,914
Community Planning and Economic	3,266,729	100,000	(100,000)	3,266,729	567,300	788,317	776,261	1,134,851	3,266,729
Contingency	2,211,143	68,000	(300,000)	1,979,143	-	641,724	631,910	705,509	1,979,143
City Coord Admin, Comm, IGR	4,102,523	125,000	-	4,227,523	2,316,600	538,248	530,016	842,658	4,227,523
Civil Rights	2,338,040	(99,000)	(75,000)	2,164,040	-	630,678	621,032	912,330	2,164,040
Assessor	3,101,062	95,000	-	3,196,062	134,000	862,262	849,075	1,350,724	3,196,062
City Clerk	1,305,447	40,000	-	1,345,447	15,000	374,646	368,917	586,884	1,345,447
Health and Family	3,652,728	(28,000)	(789,255)	2,835,473	609,000	849,173	836,186	541,114	2,835,473
Human Resources	5,526,672	169,000	(200,000)	5,495,672	5,000	1,602,559	1,578,050	2,310,064	5,495,672
Attorney	6,422,482	121,000	(150,000)	6,393,482	108,000	1,812,415	1,784,697	2,688,370	6,393,482
Emergency Communications	6,683,866	504,000	(160,000)	7,027,866	50,000	-	-	6,977,866	7,027,866
Internal Service Funds	16,426,110	2,702,000	-	19,128,110	-	5,386,795	5,304,411	8,436,905	19,128,110
Finance	17,746,460	542,000	(250,000)	18,038,460	47,569	5,137,033	5,058,469	7,795,389	18,038,460
Regulatory Services	20,892,048	638,000	-	21,530,048	27,873,459	-	-	(6,343,411)	21,530,048
Business Information Services*	-	-	-	-	-	-	-	-	-
Public Works	36,335,689	1,910,000	(1,735,000)	36,510,689	11,571,512	7,511,990	7,397,104	10,030,083	36,510,689
Fire	45,200,377	1,381,000	(711,000)	45,870,377	2,565,700	12,395,636	12,206,061	18,702,980	45,870,377
Police	94,749,237	2,895,000	(2,526,527)	95,117,710	8,582,277	25,081,469	24,697,882	36,756,082	95,117,710
Total General Fund	275,301,134	11,326,000	(6,996,782)	279,630,352	54,529,971	65,139,074	64,142,861	95,818,446	279,630,352
									-
Capital - Permanent Improvement	1,927,895	440,000	(490,000)	1,877,895				1,877,895	1,877,895
Debt Service	22,764,000	1,000,000	(3,979,393)	19,784,607				19,784,607	19,784,607
Subtotal	24,691,895	1,440,000	(4,469,393)	21,662,502				21,662,502	21,662,502
Total City (not incl special levies)	299,993,029	12,766,000	(11,466,175)	301,292,854	54,529,971	65,139,074	64,142,861	117,480,948	301,292,854
Community Development	-	-		-	-	-	-	-	-
Pensions	18,439,800	(500,000)		17,939,800				17,939,800	17,939,800
Total	318,432,829	12,266,000	(11,466,175)	319,232,654	54,529,971	65,139,074	64,142,861	135,420,748	319,232,654
									-

2005 Adopted	128,791,295
2006 Max	140,000,315
Difference between maximum and needed amount to balance	(4,579,567)

* Internal Service Funds line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund

Summary Information:

	Total	% of Total Growth	Annual Chg
Growth in Spending to fund Current Service Levels	12,266,000		3.8%
Offsetting Reduction to Growth in Spending	(11,466,175)	-93.5%	-3.6%
Offsetting Growth in NonTax Revenue	188,152	1.5%	-0.1%
Offsetting Growth in City's Share of the Property Tax	(6,487,977)	-52.9%	5.0%
Total	(5,500,000)	-144.8%	

2007 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue	Allocated Revenues for Presentation Purposes: General City Revenues (Non-Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
						These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.			
Mayor	1,085,899	33,000	-	1,118,899	-	304,865	304,883	509,151	1,118,899
Elections	992,708	30,000	(50,000)	972,708	84,554	255,667	255,682	376,804	972,708
City Council	3,424,914	105,000	-	3,529,914	-	961,542	961,598	1,606,774	3,529,914
Community Planning and Economic	3,266,729	100,000	(75,000)	3,291,729	567,300	762,584	762,629	1,199,216	3,291,729
Contingency	1,979,143	360,000	(300,000)	2,039,143	-	637,370	637,408	764,365	2,039,143
City Coord Admin, Comm, IGR	4,227,523	129,000	-	4,356,523	2,316,600	555,772	555,805	928,347	4,356,523
Civil Rights	2,164,040	66,000	(75,000)	2,155,040	-	607,552	607,588	939,899	2,155,040
Assessor	3,196,062	98,000	-	3,294,062	134,000	860,787	860,837	1,438,438	3,294,062
City Clerk	1,345,447	41,000	-	1,386,447	15,000	373,647	373,669	624,132	1,386,447
Health and Family	2,835,473	87,000	(765,143)	2,157,330	609,000	630,149	630,186	287,994	2,157,330
Human Resources	5,495,672	168,000	(100,000)	5,563,672	5,000	1,541,543	1,541,634	2,475,495	5,563,672
Attorney	6,393,482	195,000	(150,000)	6,438,482	108,000	1,765,543	1,765,647	2,799,293	6,438,482
Emergency Communications	7,027,866	215,000	(160,000)	7,082,866	50,000	-	-	7,032,866	7,082,866
Internal Service Funds	19,128,110	2,784,000	-	21,912,110	-	5,969,537	5,969,890	9,972,683	21,912,110
Finance	18,038,460	551,000	(200,000)	18,389,460	47,569	5,051,323	5,051,621	8,238,947	18,389,460
Regulatory Services	21,530,048	658,000	-	22,188,048	28,709,663	-	-	(6,521,615)	22,188,048
Business Information Services*	-	-	(600,000)	(600,000)	-	-	-	(600,000)	(600,000)
Public Works	36,510,689	1,915,000	(1,835,000)	36,590,689	11,571,512	7,315,906	7,316,338	10,386,932	36,590,689
Fire	45,870,377	1,401,000	(711,000)	46,560,377	2,565,700	12,179,106	12,179,825	19,635,747	46,560,377
Police	95,117,710	2,906,000	(3,912,464)	94,111,246	8,582,277	24,366,181	24,367,620	36,795,169	94,111,246
Total General Fund	279,630,352	11,842,000	(8,933,607)	282,538,745	55,366,175	64,139,074	64,142,861	98,890,635	282,538,745
									-
Capital - Permanent Improvement	1,877,895	440,000	(700,000)	1,617,895				1,617,895	1,617,895
Debt Service	19,784,607	1,000,000	(2,107,805)	18,676,802				18,676,802	18,676,802
Subtotal	21,662,502	1,440,000	(2,807,805)	20,294,697				20,294,697	20,294,697
Total City (not incl special levies)	301,292,854	13,282,000	(11,741,412)	302,833,442	55,366,175	64,139,074	64,142,861	119,185,332	302,833,442
Community Development	-	-		-	-	-	-	-	-
Pensions	17,939,800	5,800,000		23,739,800				23,739,800	23,739,800
Total	319,232,654	19,082,000	(11,741,412)	326,573,242	55,366,175	64,139,074	64,142,861	142,925,132	326,573,242
									-

2006 Max	140,000,315
2007 Max	152,135,934
Difference between maximum and needed amount to balance	(9,210,802)

Summary Information:

	Total	% of Total Growth	Annual Chg
Growth in Spending to fund Current Service Levels	19,082,000		5.8%
Offsetting Reduction to Growth in Spending	(11,741,412)	-61.5%	-3.6%
Offsetting Growth in NonTax Revenue	163,796	0.9%	-0.1%
Offsetting Growth in City's Share of the Property Tax	(7,504,384)	-39.3%	10.9%
Total	-	-100.0%	

* Internal Service Funds/Transfers line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund. The reduction in 2007 will be in BIS operations, which will be reflected in an overall reduction in the BIS charges to each department in the general fund.

2008 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue	Allocated Revenues for Presentation Purposes (These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.) General City Revenues (Non-Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1,118,899	36,000	-	1,154,899	-	307,527	312,416	534,955	1,154,899
Elections	972,708	31,000	-	1,003,708	84,554	244,835	248,727	425,592	1,003,708
City Council	3,529,914	114,000	-	3,643,914	-	970,190	985,614	1,688,109	3,643,914
Community Planning and Economic Deve	3,291,729	106,000	(75,000)	3,322,729	567,300	753,685	765,667	1,236,077	3,322,729
Contingency	2,039,143	366,000	(300,000)	2,105,143	-	640,328	650,508	814,307	2,105,143
City Coord Admin, Comm, IGR	4,356,523	141,000	-	4,497,523	2,316,600	580,600	589,831	1,010,492	4,497,523
Civil Rights	2,155,040	70,000	(100,000)	2,125,040	-	592,309	601,725	931,006	2,125,040
Assessor	3,294,062	106,000	-	3,400,062	134,000	869,690	883,516	1,512,856	3,400,062
City Clerk	1,386,447	45,000	-	1,431,447	15,000	377,069	383,063	656,315	1,431,447
Health and Family	2,157,330	70,000	(784,366)	1,442,964	609,000	-	-	833,964	1,442,964
Human Resources	5,563,672	180,000	(100,000)	5,643,672	5,000	1,527,834	1,552,123	2,558,715	5,643,672
Attorney	6,438,482	208,000	(100,000)	6,546,482	108,000	1,740,850	1,768,526	2,929,105	6,546,482
Emergency Communications	7,082,866	229,000	(160,000)	7,151,866	50,000	-	-	7,101,866	7,151,866
Internal Service Funds	21,912,110	2,908,000	-	24,820,110	-	6,608,240	6,713,298	11,498,572	24,820,110
Finance	18,389,460	594,000	(150,000)	18,833,460	47,569	5,041,644	5,121,796	8,622,452	18,833,460
Regulatory Services	22,188,048	717,000	-	22,905,048	29,570,953	-	-	(6,665,905)	22,905,048
Business Information Services*	(600,000)	(19,000)	-	(619,000)	-	-	-	(619,000)	(619,000)
Public Works	36,590,689	1,982,000	(1,635,000)	36,937,689	11,571,512	7,189,028	7,303,319	10,873,830	36,937,689
Fire	46,560,377	1,505,000	(211,000)	47,854,377	2,565,700	12,113,929	12,306,517	20,868,231	47,854,377
Police	94,111,246	3,041,000	(1,331,663)	95,820,583	8,582,277	23,581,316	23,956,213	39,700,777	95,820,583
Total General Fund	282,538,745	12,430,000	(4,947,029)	290,021,716	56,227,465	63,139,074	64,142,861	106,512,316	290,021,716
									-
Capital - Permanent Improvement	1,617,895	460,000	(460,000)	1,617,895				1,617,895	1,617,895
Debt Service	18,676,802	1,000,000	(1,322,181)	18,354,621				18,354,621	18,354,621
Subtotal	20,294,697	1,460,000	(1,782,181)	19,972,516				19,972,516	19,972,516
Total City (not incl special levies)	302,833,442	13,890,000	(6,729,210)	309,994,232	56,227,465	63,139,074	64,142,861	126,484,832	309,994,232
Community Development	-	-		-	-	-	-	-	-
Pensions	23,739,800	5,300,000		29,039,800				29,039,800	29,039,800
Total	326,573,242	19,190,000	(6,729,210)	339,034,032	56,227,465	63,139,074	64,142,861	155,524,632	339,034,032
									-

2007 Max	152,135,934
2008 Max	167,349,666
Difference between maximum and needed amount to balance	(11,825,034)

* Internal Service Funds/Transfers line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund.

Summary Information:

	Total	% of Total Growth	Annual Chg
Growth in Spending to fund Current Service Levels	19,190,000		5.7%
Offsetting Reduction to Growth in Spending	(6,729,210)	-35.1%	-2.0%
Offsetting Growth in NonTax Revenue	138,710	0.7%	-0.2%
Offsetting Growth in City's Share of the Property Tax	(12,599,500)	-65.7%	14.8%
Total	0	-100.0%	

2009 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue	Allocated Revenues for Presentation Purposes *These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.* General City Revenues (Non-Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1,154,899	40,000	-	1,194,899	-	305,018	313,844	576,037	1,194,899
Elections	1,003,708	34,000	-	1,037,708	84,554	243,497	250,543	459,115	1,037,708
City Council	3,643,914	125,000	-	3,768,914	-	962,387	990,234	1,816,294	3,768,914
Community Planning and Economic Development	3,322,729	114,000	(75,000)	3,361,729	567,300	732,703	753,903	1,307,823	3,361,729
Contingency	2,105,143	372,000	(300,000)	2,177,143	-	632,588	650,892	893,662	2,177,143
City Coord Admin, Comm, IGR	4,497,523	154,000	-	4,651,523	2,316,600	596,302	613,556	1,125,066	4,651,523
Civil Rights	2,125,040	73,000	(100,000)	2,098,040	-	561,240	577,480	959,320	2,098,040
Assessor	3,400,062	117,000	-	3,517,062	134,000	863,767	888,761	1,630,534	3,517,062
City Clerk	1,431,447	49,000	-	1,480,447	15,000	374,226	385,055	706,166	1,480,447
Health and Family	1,442,964	50,000	(13,448)	1,479,516	609,000	-	-	870,516	1,479,516
Human Resources	5,643,672	194,000	(100,000)	5,737,672	5,000	1,489,262	1,532,354	2,711,056	5,737,672
Attorney	6,546,482	225,000	(100,000)	6,671,482	108,000	1,701,401	1,750,631	3,111,450	6,671,482
Emergency Communications	7,151,866	245,000	(160,000)	7,236,866	50,000	-	-	7,186,866	7,236,866
Internal Service Funds	24,820,110	1,852,000	-	26,672,110	-	6,810,533	7,007,597	12,853,980	26,672,110
Finance	18,833,460	646,000	(150,000)	19,329,460	47,569	4,961,921	5,105,494	9,214,476	19,329,460
Regulatory Services	22,905,048	786,000	-	23,691,048	30,458,082	-	-	(6,767,034)	23,691,048
Business Information Services*	(619,000)	(21,000)	-	(640,000)	-	-	-	(640,000)	(640,000)
Public Works	36,937,689	2,068,000	(1,635,000)	37,370,689	11,571,512	7,005,096	7,207,790	11,586,291	37,370,689
Fire	47,854,377	1,642,000	(211,000)	49,285,377	2,565,700	11,983,586	12,330,333	22,405,758	49,285,377
Police	95,820,583	3,289,000	(1,331,663)	97,777,920	8,582,277	23,115,547	23,784,397	42,295,699	97,777,920
Total General Fund	290,021,716	12,054,000	(4,176,111)	297,899,605	57,114,594	62,339,074	64,142,861	114,303,076	297,899,605
									-
Capital - Permanent Improvement	1,617,895	460,000	(460,000)	1,617,895				1,617,895	1,617,895
Debt Service	18,354,621	1,000,000	(1,000,000)	18,354,621				18,354,621	18,354,621
Subtotal	19,972,516	1,460,000	(1,460,000)	19,972,516				19,972,516	19,972,516
Total City (not incl special levies)	309,994,232	13,514,000	(5,636,111)	317,872,121	57,114,594	62,339,074	64,142,861	134,275,592	317,872,121
Community Development	-	-		-	-	-	-	-	-
Pensions	29,039,800	3,200,000		32,239,800				32,239,800	32,239,800
Total	339,034,032	16,714,000	(5,636,111)	350,111,921	57,114,594	62,339,074	64,142,861	166,515,392	350,111,921
									-

2008 Max	167,349,666
2009 Max	183,880,650
Difference between maximum and needed amount to balance	(17,365,257)

* Internal Service Funds/Transfers line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund.

Summary Information:

	Total	% of Total Growth	Annual Chg
Growth in Spending to fund Current Service Levels	16,714,000		4.8%
Offsetting Reduction to Growth in Spending	(5,636,111)	-33.7%	-1.6%
Offsetting Growth in NonTax Revenue	(87,129)	-0.5%	0.0%
Offsetting Growth in City's Share of the Property Tax	(10,990,760)	-65.8%	7.1%
Total	(0)	-100.0%	

2010 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue	Allocated Revenues for Presentation Purposes *These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.* General City Revenues (Non-Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1,194,899	44,000	-	1,238,899	-	306,440	315,307	617,153	1,238,899
Elections	1,037,708	38,000	-	1,075,708	84,554	245,208	252,303	493,642	1,075,708
City Council	3,768,914	138,000	-	3,906,914	-	966,563	994,531	1,945,820	3,906,914
Community Planning and Economi	3,361,729	123,000	(75,000)	3,409,729	567,300	721,787	742,672	1,377,971	3,409,729
Contingency	2,177,143	380,000	(300,000)	2,257,143	-	632,563	650,867	973,713	2,257,143
City Coord Admin, Comm, IGR	4,651,523	170,000	-	4,821,523	2,316,600	619,782	637,716	1,247,425	4,821,523
Civil Rights	2,098,040	77,000	(100,000)	2,075,040	-	538,056	553,625	983,359	2,075,040
Assessor	3,517,062	129,000	-	3,646,062	134,000	868,822	893,962	1,749,278	3,646,062
City Clerk	1,480,447	54,000	-	1,534,447	15,000	375,959	386,838	756,650	1,534,447
Health and Family	1,479,516	54,000	-	1,533,516	609,000	-	-	924,516	1,533,516
Human Resources	5,737,672	210,000	(100,000)	5,847,672	5,000	1,470,227	1,512,768	2,859,676	5,847,672
Attorney	6,671,482	244,000	(100,000)	6,815,482	108,000	1,684,227	1,732,960	3,290,296	6,815,482
Emergency Communications	7,236,866	265,000	(160,000)	7,341,866	50,000	-	-	7,291,866	7,341,866
Internal Service Funds	26,672,110	1,976,000	-	28,648,110	-	7,087,642	7,292,724	14,267,743	28,648,110
Finance	19,329,460	707,000	(150,000)	19,886,460	47,569	4,945,400	5,088,496	9,804,995	19,886,460
Regulatory Services	23,691,048	867,000	-	24,558,048	31,371,824	-	-	(6,813,776)	24,558,048
Business Information Services*	(640,000)	(23,000)	-	(663,000)	-	-	-	(663,000)	(663,000)
Public Works	37,370,689	2,168,000	(1,635,000)	37,903,689	11,571,512	6,919,067	7,119,271	12,293,839	37,903,689
Fire	49,285,377	1,804,000	(211,000)	50,878,377	2,565,700	12,004,804	12,352,164	23,955,710	50,878,377
Police	97,777,920	3,579,000	(1,331,663)	100,025,257	8,582,277	22,952,525	23,616,659	44,873,796	100,025,257
Total General Fund	297,899,605	13,004,000	(4,162,663)	306,740,942	58,028,336	62,339,074	64,142,861	122,230,671	306,740,942
									-
Capital - Permanent Improvement	1,617,895	100,000	-	1,717,895				1,717,895	1,717,895
Debt Service	18,354,621	400,000	-	18,754,621				18,754,621	18,754,621
Subtotal	19,972,516	500,000	-	20,472,516				20,472,516	20,472,516
Total City (not incl special levies)	317,872,121	13,504,000	(4,162,663)	327,213,458	58,028,336	62,339,074	64,142,861	142,703,187	327,213,458
Community Development	-	-		-	-	-	-	-	-
Pensions	32,239,800	3,200,000		35,439,800				35,439,800	35,439,800
Total	350,111,921	16,704,000	(4,162,663)	362,653,258	58,028,336	62,339,074	64,142,861	178,142,987	362,653,258
									-

2009 Max	183,880,650
2010 Max	202,048,974
Difference between maximum and needed amount to balance	(23,905,987)

Note: Internal Service Funds/Transfers line includes payments to internal service funds to cover debt payments, both internal and external, as required by the workout plans. Department Budget amounts beginning in 2005 include $12.1 million in BIS charges previously budgeted centrally in the general fund.

Summary Information:

	Total	% of Total Growth	Annual Chg
Growth in Spending to fund Current Service Levels	16,704,000		4.6%
Offsetting Reduction to Growth in Spending	(4,162,663)	-24.9%	-1.1%
Offsetting Growth in NonTax Revenue	(913,742)	-5.5%	0.5%
Offsetting Growth in City's Share of the Property Tax	(11,627,595)	-69.6%	7.0%
Total	(0)	-100.0%	