BOARD OF ESTIMATE AND TAXATION

Mission Statement:

Provide full administrative services to the Board of Estimate and Taxation (BET) to assist the Board in carrying out its governmental responsibilities under the City Charter, ordinances and state statutes.

Primary Businesses:

- Internal Audit
- Provide policy and strategic guidance to the Board and its customers, prepare the Official Statements and issue bonds as approved by the Board as part of its debt management duties, and set the maximum tax levies for the State's Truth in Taxation requirements and under the City Charter.

Key Trends and Challenges Impacting the Department:

By action of the City Council, or such other governing board of a department requesting the sale of bonds, the board of Estimate and Taxation may vote to incur indebtedness and issue and sell bonds and pledge the full faith and credit of the City for payment of principal and interest. The Board of Estimate and Taxation also established the maximum property tax levies for most City funds and maintains commissions that are component units of the City.

Primary Business: Internal Audit - Review and evaluate accounting, financial and operating policies and programs

Description of Primary Business: Internal Audit prepares an annual audit workplan, conducts reviews for audits listed on the workplan; conducts special reviews or audits as requested and assists external auditors as needed; makes presentations of audit reports for review.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Risk Assessment Matrix					
Interviews/Questionnaires					
Internal Control Points Identified					
Exceptions					
AMC Committee Reviewal					
Assessment of Internal Controls					
Adherence to Policies and Procedures					

Explanation of Key Performance Measures: Based on a risk assessment matrix, various potential audit areas are "scored" and ranked via a matrix. The Matrix is presented to the Audit Management Committee (AMC) and audits are selected for inclusion on the work plan. They are then presented to the Board of Estimate and Taxation (BET) for final approval. The work plan may extend beyond one year.

Via interviews, questionnaires, and/or flowcharting of the functional processes ensure they are working as intended. Exceptions, which may mean breakdowns in controls, are followed up on. Recommendations for corrective action are made for exceptions noted and discussed with respective audit entity management.

Special reviews and audits are usually conducted in much the same manner as those reviews in the work plan, however the time allowed for each review is agreed upon on a case by case basis between Internal Audit and the Audit Management Committee. Findings and subsequent recommendations may be made to respective management based on the outcome of the review.

After each audit a written draft report is prepared and shared with the Audit Management Committee as well as a representative from the selected audit area. It remains in draft form until all parties have read it, are given a chance to ask questions and fully understand it. Auditees are given a chance to respond in writing to any or all recommendations mentioned in the report. Their written response is concluded in the final report.

Primary Business: Board of Estimate and Taxation - Provide policy and strategic guidance to the Board and its customers. To prepare the Official Statements and issue bonds as approved by the Board

Description of Primary Business: Provide financial analysis, administration and policy support to the Board and its customers. Work with the City to coordinate and administer pre- and post-bond sale activities.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Customer satisfaction					
BET member's satisfaction					
Percentage of timely and successful closings of bond offerings. Goal is 100%					

Explanation of Key Performance Measures: These measures are also apparent and performance stated at the Bond Sales or Truth in Taxation Hearings.

Financial Analysis:

EXPENDITURE

In 2005, the Board of Estimate and Taxation budget is $266,000, a 7% increase in expenditures. There is no change in the number of positions.

The budget for this department includes $300 for benefits administration which was centrally budgeted in the past. For 2005, the BET has no General Fund overhead charge. If charges are phased in over 5 years, the BET's General Fund annual overhead charges are estimated to be $58,000.

REVENUE

In 2005, the Board will receive $100,000 from bond proceeds and $154,000 from property taxes. The latter lies within the 4% property tax revenue limit for independent boards. The Board of Estimate and Taxation stopped receiving Local Government Aid (LGA) as of 2003.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

BOARD OF ESTIMATE AND TAXATION
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	**2.00**	**2.00**	**2.00**	**2.00**	**0.00%**	**-**

BOARD OF ESTIMATE & TAXATION
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	2	0	0	0		0
Total for General Fund - City	2	0	0	0		0
Special Revenue Funds						
Contractual Services	4,690	7,059	5,500	12,468	126.7%	6,968
Fringe Benefits	33,485	35,326	47,005	48,788	3.8%	1,783
Operating Costs	11,222	14,603	14,973	15,680	4.7%	707
Salaries and Wages	178,520	185,030	182,022	189,110	3.9%	7,088
Transfers	0	173	0	0		0
Total for Special Revenue Funds	227,917	242,191	249,500	266,046	6.6%	16,546
Total for BOARD OF ESTIMATE &	227,919	242,191	249,500	266,046	6.6%	16,546

BOARD OF ESTIMATE & TAXATION
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Operating Transfers In	50,000	0	0	0	0.0%	0
Other Misc Revenues	30	0	0	0	0.0%	0
Proceeds of Long Term Liabilities	0	0	95,000	100,000	5.3%	5,000
Property Taxes	116,125	136,973	148,348	154,281	4.0%	5,933
Sales and Other Taxes	11	12	0	0	0.0%	0
State Government	118,831	7,836	0	0	0.0%	0
Total for Special Revenue Funds	284,997	144,822	243,348	254,281	4.5%	10,933
Total for BOARD OF ESTIMATE & TAXATION	284,997	144,822	243,348	254,281	4.5%	10,933

LIBRARY BOARD

Mission Statement:

We link people in the city and beyond with the transforming power of knowledge.

Primary Businesses:

In January 2004, the Library Board adopted new mission and vision statements, a statement on how we achieve our mission and vision, and four key results. The four key results are as follows:

1. Responsive public library service of the highest quality
2. Centers of community and neighborhood vitality
3. Improved literacy among all patrons
4. Sound stewardship of resources

Key Trends and Challenges Impacting the Department: .

Sustained/increased demand for library services in a time of declining resources. Unlike the school system, for example, which faces declining enrollment, the Library has seen increased usage in recent years. Even after the reduction in hours in January 2004, the percentage decline in some indicators has been less than the percentage reduction in hours, in other words, business per hour open has increased. The dramatic cut in Local Government Aids requires the Library, along with City departments and the Parks, to change its expectations for future revenue and reexamine how to deliver services in this new environment.

Growth in non-English speaking households. The significant number of households who do not speak English at home presents a challenge to the Library to increase the availability of world language material, the outreach activity of our multilingual outreach staff, and our English language learning activity.

Growth in electronic access to information. The explosion of information available via the Internet is transforming the library business. Most patrons who use the Minneapolis Public Library each day do not walk in the front door of a library but rather come in through the website. Patrons' expectations of how they want to receive information are changing and they are interested in having material available in multiple formats. Subscriptions to electronic material raise issues about the Library's – and patrons' - access to archive material. Given that the ability to navigate information is arguably the key ability of a skilled workforce, the poor state of information literacy among most adults and teens (e.g. most adults believe that anything they read on the Internet is true) is a challenge for the community as a whole.

Illiteracy. Illiteracy in the broadest sense is a challenge for the Library. This includes early literacy and poor school readiness, elementary and secondary student achievement, proficiency in reading, speaking and understanding English, and information literacy.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Attached is the Library's strategic plan. Designed to achieve the four key results discussed above, it identifies 20 objectives, the measure for each objective, and the lead strategy. Staff is in the process of identifying target measures for each objective. Initiatives of note in 2005 are as follows:

- Increase early literacy instruction for parents and caregivers and, in partnership with the Minneapolis Public Schools and the association of school media specialist, develop basic instruction in information literacy for teens.
- Continue to implement express checkout and self pick-up of holds to free staff to focus on other patron services.
- Building on the 2004 start of 24/7 chat reference service offered in partnership with the Hennepin County Public Library, increase electronic services, including on-line learning and on-line customer services such as paying fines and applying for a library card.
- Increase technology instruction and staff support available at libraries.

Primary Business: Responsive public library service of the highest quality

Description of Primary Business: *The Library Board provides access direct and staff-mediated access to print and electronic information resources to the public.*

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Circulation	2,848,860	2,998,380	2,750,820	2,476,000	2,600,000
Reference Service	2,176,991	1,918,539	1,216,547	1,000,000	1,200,000
The LIST: Public Page Views		73,034	131,648	157,977	189,573
Unique Daily Website Visitors		392,077	565,295	678,354	814,025
Click through to Databases		123,202	139,377	167,252	200,703
Electronic Database Searches		184,948	341,836	410,203	492,243
INFORM Service Requests	1385	2517	4646	8164	8980

Explanation of Key Performance Measures: The above key performance measures demonstrate the usage of the library's materials for home use (circulation) and use in the Library. The Reference and Directional service figures provide an indicator of staff assistance both in-person and by telephone. Remote electronic access, available 24 hours a day, 7 days a week, is an important measure of the availability of the library's resources during open and closed hours.

Primary Business: Centers of community and neighborhood vitality

Description of Primary Business: *The individual libraries operated by the Library Board are important anchors in neighborhoods and strengthen the vitality of the City.*

Key Performance Measures that are impacted by 2005 resources:
The most important measure of whether libraries are vital centers in communities and neighborhoods is library usage during open hours. The Library is also working hard to find ways to increase library hours. Specific indicators are as follows:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Visitor Count	774,922	898,131	696,204	560,000	600,000
In-Library Use of Materials	2,256,837	1,784,191	1,402,712	900,000	1,000,000
Library Program Attendance	66,417	60,189	62,556	33,000	50,000
Meeting Room Use/Attend.	42,327	40,264	25,216	20,000	25,000

Explanation of Key Performance Measures: The library plays a vital role in the community through providing meeting space and library programs to reach all segments of the community. Meeting rooms are used by book clubs, neighborhood organizations and other individuals and groups. The Library offers programs targeted to children, teens and various ethnic groups.

Primary Business: Improved literacy among all patrons.

Description of Primary Business: *The Library Board seeks to improve literacy among all patrons in four areas, early literacy, K-12 student achievement, English language learning, and information literacy.*

The strategy for improving literacy among all patrons is, in partnership with others, to strengthen programs and activities in areas of early literacy, K-12 student achievement, English language learning, and information literacy. The Library will develop evaluation mechanisms for each program or initiative to evaluate improvements in literacy. Other indicators are as follows:

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Franklin Learning Center Students	448	424	375	400	425
Homework Helper	9,599	10,696	10,054	10,000	12,000
Library Links!	26,249	12,883	15,169	12,000	14,000
Summer Reading Program attendance	12,368	16,486	11,108	12,000	13,000

Explanation of Key Performance Measures: The Franklin Learning Center is a literacy program of the Library. Other services include the Homework Helper (tutoring students), Library Links! Outreach program to immigrants, and the Summer Reading Program to encourage youth to read. Each of these programs, separately or together, contributes to improved literacy of users and residents of all ages.

Primary Business: Sound stewardship of resources

Description of Primary Business: *The Library Board is responsible for the sound stewardship of resources, including public and private funds, buildings, books and material, and technology.*

The most important measures of the Library's sound stewardship of resources are as follows: the percentage increase in revenue growth; the percent of total revenue that comes from sources other than LGA and property taxes; the extent to which we meet our asset management goals; and the extent to which our capital projects are on-time and within budget, and meet our service goals. Additional specific measures follow:

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% increase in Revenue	1.37%	10.96%	(11.01%)	(2.49%)	1.27%
% of Revenue, not LGA or Property Tax	8.59%	11.03%	10%	6.56%	6.21%
INFORM Revenues	$104,319	$102,112	$125,360	$125,000	$190,000

Explanation of Key Performance Measures: The above key performance measures demonstrate the usage of the library's materials for home use (circulation) and use in the Library.

Financial Analysis:

EXPENDITURE

In 2005, the Minneapolis Public Library Board's total expenditures increase by 7% to $20 million and 4.5 positions are added for a total position count of 246.50. Since the Library went through a major reorganization, some of the FTE's shifted between the divisions.

The budget for this independent board includes $49,800 for benefits administration which was centrally budgeted in the past. The Library Board's budget also includes $300,000 to begin phasing in General Fund overhead charges, previously known as City Management Services Fees. An additional $30,000 in the City's General Fund expenditures is covered through the Library Board's capital funds.

REVENUE

The Library Board's budget in 2005 shows a revenue increase of 2.2% due to several factors. Consistent with the City's tax policy, Property Taxes revenue is $12 million, a $463,000 increase from the previous year. Funding from the Federal Government is $66,000, a 33% increase over 2004. There is also an increase in Contributions and Rents. State Government funding, however, decreases by 2.4% to $6.8 million due to a reduction in the amount of LGA the city will receive in 2005.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council. If General Fund overhead charges are phased in over a five year period, the Library's annual General Fund overhead charges are estimated to be $660,800.

LIBRARY BOARD
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration/Operations	23.50	23.50	17.00	26.50	55.88%	9.50
Central Library-Patron Services	116.70	116.20	67.10	45.70	-31.89%	(21.40)
Community Libraries-Patron Services	113.20	108.40	78.20	71.70	-8.31%	(6.50)
Collections/Technical Services	62.10	62.80	39.20	75.80	93.37%	36.60
Building Maintenance	49.50	49.50	37.50	19.00	-49.33%	(18.50)
Special Services	3.00	3.00	3.00	-	-100.00%	(3.00)
Partnerships and Development	-	-	-	7.80	-	7.80
Total FTE's	**368.00**	**363.40**	**242.00**	**246.50**	**1.86%**	**4.50**

Minneapolis Public Library
Strategic Plan – 2004 to 2006

Perspective	Objective	Measure	Strategy
Patrons and Stakeholders	Enhance library services, collection and activities to align with patron needs	Percentage of library services, collections and activities that are aligned with patron needs as identified in patron/stakeholder survey	Patron, stakeholder input informs annual work planning for collections, services, activities
	Enhance public support	Increased numbers of people supporting MPL through contributions, volunteering, advocacy, and supporting MPL in decision making	Work with the Friends to increase contributions, volunteers and participation with advocacy committee initiatives. Develop a communications plan to increase public coverage of MPL activities.
	Increase access & community usage of libraries	Usage data shows increase	Increase in hours open and use of libraries during open hours
	Enhance programs and services to promote patron literacy	Evaluation mechanisms show improved literacy	In partnership with others, strengthen programs and activities in areas of early literacy, K-12 student achievement, English language learning, and information literacy
	Assure a welcoming & safe environment	Percent of patrons, stakeholders, employees who report MPL provides a welcoming and safe environment	Improve the extent to which patrons experience a pleasant, safe, and secure environment through supporting staff to welcome all patrons and handle challenging situations.
	Assure patron/stakeholder satisfaction	Percent of patrons/stakeholders who report being satisfied to very satisfied with MPL services	Deliver library services, collections, and activities that are aligned with patron needs.
Financial	Develop management information & reporting tools	Management information tools are established and in place for regular reviews on key indicators; the information is used to make decisions.	Divisions identify, create, and report key management indicators
	Enhance revenue	Percentage increase in revenue growth and percentage of total revenue from sources other than property taxes and LGA is increased	Work with city and others to increase LGA funding from the state; seek increased grant and entrepreneurial revenue, and private and corporate contributions
	Align financial resources with strategic objectives	Percentage of budget that reflects year over year alignment with strategic objectives	Budget setting process based on implementing key results and strategic objectives

Minneapolis Public Library
Strategic Plan – 2004 to 2006

Perspective	Objective	Measure	Strategy
	Ensure sound resource management to protect assets	Percentage of asset management goals that are established and met	Each manager develops and implements management plan, including key measures
Internal Processes	Develop patron/stakeholder input processes	Annual plan for patron and stakeholder input is developed and implemented.	Develop and execute annual patron/stakeholder input processes on needs and satisfaction as part of the budget setting process and the development of the Library's strategic plan.
	Assure easy and intuitive access for patrons (remote, in-person)	Percentage of patron access points that are adapted to assure easy and intuitive access as reported by patrons	Based on patron survey results on ease of use and access, each division identifies priority areas for review and modification.
	Define the Library's comprehensive service delivery model	*Measures to be determined*	All operational decisions are evaluated considering the long-term needs.
	Successfully implement community & Central library capital projects	Percentage of projects on time and within budget and meet our service facility goals	Develop and implement plans and schedules for successful completion of capital projects
	Strengthen & streamline internal processes and systems	Number of high impact, critical internal systems that are strengthened or streamlined to have improved outcomes and add value Service level is maintained or increased with level staffing; in the event of expanded staffing, service level is significantly increased	Divisions identify and undertake review of key processes and systems in order to improve efficiency, effectiveness
Learning and Growth	Develop workforce plan	Workforce plan is established and implemented	Create a comprehensive workforce plan.
	Assure staff skills are aligned with critical outcomes on strategic plan	Number of managers that successfully implement annual development plan	Annual development plan, including funding, developed to implement strategic plan
	Assure accountability at all levels	# of Managers that successfully implement performance communication system	Improve performance communication system, including better identification of expectations and more frequent communication throughout the year

Minneapolis Public Library
Strategic Plan – 2004 to 2006

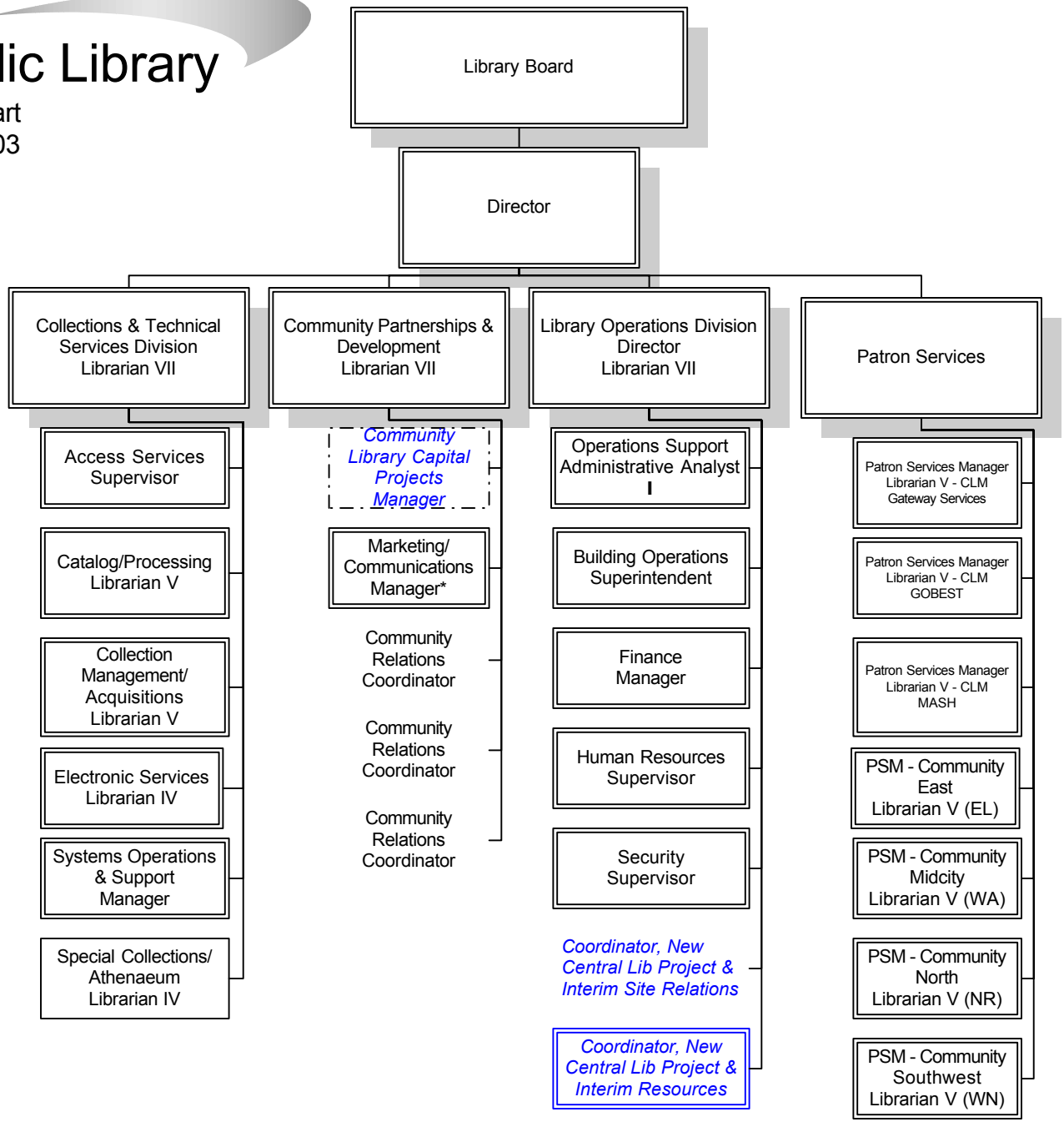
Perspective	Objective	Measure	Strategy
	Assure employees are valued and are engaged in problem-solving	Percentage of employees report feeling satisfied or very satisfied with the level of engagement and respect	Managers actively promote a culture of respect and dignity and include staff as appropriate in identifying and solving key problems as measured by an annual employee survey
	Develop a culture focused on the patron	Progress made towards integrating a patron focus in the Library culture.	Implement MPL strategic objectives

Minneapolis Public Library
Preliminary 3-year Forecast
Operating Fund 1800
As of June 10, 2004

Description	2004 Original	2004 Revised Budget	2005 Estimate	Revised 2005 Estimate	2006 Estimate	Revised 2006 Estimate	2007 Estimate	Revised 2007 Estimate	Projected Percentage
	(12/15/03)	(5/07/04)							
Balance, January 1	$330,513	$2,896,363	$1,269,927	$1,269,927	$1,027,042	$1,270,691	$299,178	$877,782	
Revenue:									
Property Taxes	$11,588,106	$11,588,106	$12,051,630	$12,051,630	$12,533,695	$12,533,695	$13,035,043	$13,035,043	4%
Federal Grants	49,396	77,769	12,000	65,866	12,000	65,866	12,000	65,866	
State Grants	55,000	84,601	38,234	38,234	55,000	55,000	55,000	55,000	
Local Grants	0	7,446	0	0	20,000	20,000	20,000	20,000	
LGA	6,648,389	6,648,389	6,648,389	6,483,389	6,648,389	6,483,389	6,648,389	6,483,389	0%
MELSA	234,218	234,218	246,050	246,050	237,555	237,555	175,247	175,247	
Fund Transfers (MERF)	195,000	180,000	155,000	155,000	130,000	130,000	105,000	105,000	
INFORM	105,000	125,000	190,000	190,000	190,000	190,000	190,000	190,000	
Fines and Forfeits	380,000	285,000	285,000	285,000	290,700	290,700	296,514	296,514	2%
Library Parking Ramp (net)	0	0	0	0	124,017	124,017	196,257	196,257	
Friends of MPL	57,500	219,566	84,511	167,011	67,500	150,000	67,500	150,000	
Miscellaneous Revenue	64,900	66,050	71,050	81,050	72,471	82,671	73,920	84,324	2%
Total Revenue	$19,377,509	$19,516,145	$19,781,864	$19,763,230	$20,381,327	$20,362,893	$20,874,870	$20,856,640	
Expenditures:									
Salaries and Wages	$10,015,547	$10,634,232	$11,049,198	$11,063,827	$11,205,182	$11,285,104	$11,429,286	$11,510,806	2%
Fringe Benefits	966,067	1,219,750	916,913	916,913	935,251	935,251	953,956	953,956	2%
Health Care	1,040,083	1,097,000	1,305,430	1,305,430	1,553,462	1,553,462	1,848,620	1,848,620	19%
Pension (MERF/PERA)	687,999	672,999	663,775	663,775	652,051	652,051	640,092	640,092	
Total Personnel Costs	$12,709,696	$13,623,981	$13,935,316	$13,949,945	$14,345,946	$14,425,868	$14,871,954	$14,953,474	
Contractual Services	$558,920	$751,295	$578,025	$535,524	$578,025	$535,524	$578,025	$535,524	0%
Utilities	524,198	544,298	620,093	620,093	644,897	644,897	670,693	670,693	4%
Other Operating Costs	950,075	969,833	971,119	957,919	971,119	957,919	971,119	957,919	0%
Interim Location Operating Costs	659,320	720,000	774,370	774,370	205,208	205,208	0	0	
Capital Outlay -									
Building Improvements	273,000	264,200	273,000	200,000	273,000	100,000	273,000	100,000	0%
Furniture/Equipment	18,410	49,505	18,410	18,000	18,410	18,000	18,410	18,000	0%
Computer Equipment/Software	231,367	334,313	240,835	240,835	240,835	240,835	240,835	240,835	0%
Capital Equipment Reserve	239,300	669,830	323,100	323,100	323,100	323,100	0	0	
Books and Materials	1,800,000	1,831,014	1,800,000	1,600,000	1,837,800	1,633,600	1,876,394	1,667,906	2.1%
Planetarium Design	0	900,000	0	0	0	0	0	0	
City Service Charges/Nicollet Mal	390,948	390,948	390,948	390,948	390,948	390,948	390,948	390,948	
Total OTPS	$5,645,538	$7,425,236	$5,989,900	$5,660,789	$5,483,342	$5,050,031	$5,019,423	$4,581,824	
Incr for New Central Library	0	0	0	52,199	1,176,389	1,176,389	1,211,681	1,211,681	3%
Total Operating Costs	$18,355,234	$21,049,217	$19,925,216	$19,662,933	$21,005,677	$20,652,288	$21,103,057	$20,746,978	
Library Bd Trustee Expenditures	$82,861	$93,364	$99,533	$99,533	$103,514	$103,514	$107,655	$107,655	4%
Total Expenditures	$18,438,095	$21,142,581	$20,024,749	$19,762,466	$21,109,191	$20,755,802	$21,210,712	$20,854,633	
Balance, December 31	$1,269,927	$1,269,927	$1,027,042	$1,270,691	299,178	877,782	(36,664)	$879,789	
Individual Year Gap (Rev to Exp)	$939,414	($1,626,436)	($242,885)	$764	(727,864)	(392,909)	(335,842)	$2,007	

Minneapolis Public Library

Organization Chart
November 3, 2003



D. Banish

11/3/2003

LIBRARY BOARD
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Capital Outlay	45,814	29,779	319,803	246,803	-22.8%	-73,000
Contractual Services	1,998,938	2,007,527	2,086,583	2,397,093	14.9%	310,510
Equipment	2,819,988	2,260,656	2,290,427	2,176,785	-5.0%	-113,642
Fringe Benefits	2,922,151	3,079,177	2,723,046	2,931,687	7.7%	208,641
Operating Costs	795,351	557,095	950,575	956,619	0.6%	6,044
Salaries and Wages	13,496,068	12,599,194	10,067,661	11,053,841	9.8%	986,180
Total for Special Revenue Funds	22,078,310	20,533,427	18,438,095	19,762,828	7.2%	1,324,733
Total for LIBRARY BOARD	22,078,310	20,533,427	18,438,095	19,762,828	7.2%	1,324,733

LIBRARY BOARD
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Charges for Sales	64,247	49,921	1,000	600	-40.0%	-400
Charges for Service	559,700	474,951	536,500	523,300	-2.5%	-13,200
Contributions	14,600	107,317	57,500	167,011	190.5%	109,511
Federal Government	61,681	33,030	49,396	65,866	33.3%	16,470
Fines and Forfeits	0	0	500	250	-50.0%	-250
Interest	451	0	0	0	0.0%	0
Local Government	25,524	0	0	0	0.0%	0
Operating Transfers In	323,376	49,485	0	0	0.0%	0
Other Misc Revenues	3,275	38,801	1,400	1,400	0.0%	0
Property Taxes	11,069,019	10,650,271	11,588,106	12,051,250	4.0%	463,144
Rents	35,638	22,583	10,500	30,500	190.5%	20,000
Sales and Other Taxes	1,039	969	0	0	0.0%	0
State Government	10,190,705	8,474,268	6,937,607	6,767,673	-2.4%	-169,934
Total for Special Revenue Funds	22,349,255	19,901,596	19,182,509	19,607,850	2.2%	425,341
Total for LIBRARY BOARD	22,349,255	19,901,596	19,182,509	19,607,850	2.2%	425,341

MUNICIPAL BUILDING COMMISSION

Mission Statement:

The Municipal Building Commission was created by state statute in 1904 and given exclusive care and control of the Minneapolis City Hall and Hennepin County Courthouse building to provide effective and efficient services to operate, maintain and preserve this historic landmark building, and ensure a safe and functional environment for City and County government employees, citizens and elected officials.

Primary Businesses:

- Care of the Minneapolis City Hall and Hennepin County Courthouse Building

  This business line is responsible for operating, maintaining and preserving the building through custodial, utility, repair and maintenance, preventive maintenance activities, and capital improvements.

- Control of the Minneapolis City Hall and Hennepin County Courthouse Building

  This business line is responsible for administrative functions including serving as staff to the MBC Board, implementing Board directives, space assignment and coordinating City and County tenant needs as well as planning, emergency preparedness, security, communications, human resources, labor relations, contract services, information technology, finance, accounting, payroll, and operating and capital budgeting activities.

Key Trends and Challenges Impacting the Department:

1) Mechanical and Life Safety Systems Upgrade Project

The mechanical portion of the Mechanical and Life Safety Systems (MLSS) upgrade capital project involves renovation of heating, ventilating and air conditioning systems in the City Hall and Courthouse building. Life safety improvements include installation of sprinklers, fire alarms, smoke detection and public address systems; updating building exits and stairs; and installing fireproofing, smoke barriers and purge systems. In 2001, the MBC initiated the 23-stage, multi-year MLSS project. The implementation method protracted construction over a 12-year period to match funding ability of the City of Minneapolis. The goal is to replace tattered and failing systems before they collapse, and implement life safety components in 40 percent of the building where none currently exist. There is significant potential for total failure of systems that are two decades beyond their expected life cycle as well as potential safety risks for building tenants and visitors. Even with adherence to the current 12-year project schedule, the MBC may need to vacate portions of the building because of system failures.

MLSS project work requires gutting of spaces for implementation of mechanical and life safety systems, which presents a prime opportunity for removing asbestos and completing much needed routine repair and maintenance. Repair and maintenance work includes replacing inefficient electrical wiring and lighting; integrating light panels to increase energy efficiency; separating wiring for lights from outlets; installing new electrical systems on separate circuits to reduce the potential for circuit overload; coordinating the installation of code compliant telephone and computer wiring; removing radiators to reduce the use of steam; and installing new ceiling grids and tiles, carpeting, and paint. This work is being supported through the MBC operating budget at a cost of approximately $475,000 annually. A majority of annual routine and preventative maintenance work is being focused in MLSS project areas instead of other areas in the building. Further budget reductions threaten the MBC's ability to sustain and continue MLSS project work.

Aside from the MLSS project, several other important projects are competing for capital funding including tower elevator and clock tower elevator upgrades, tower clock improvements, and building waterproofing. Because of limited resources, however, all of the capital funding the MBC receives is being funneled into the MLSS project for the next decade. The inability to complete capital projects such as those mentioned as well as unplanned events that arise could pose issues in the areas of safety and building functionality.

2) Escalating salary and fringe costs, and lack of non-personnel appropriation increases
Salary and fringe costs continue to increase each year. Cost of living increases for AFSCME union employees increased by more than 3 percent in 2001 and 2002 while building trade union employees experienced annual increases each year from 2001 to 2003 ranging from 4 to 6 percent, and between 2 to 4 percent in 2004. Healthcare costs also have grown by about 15 to 20 percent each year in 2002, 2003, 2004 and 2005. Increases in salary and fringe are being absorbed in conjunction with budget reductions making it difficult for the MBC to maintain current staffing levels.

Tenant and building needs are not diminishing, leaving the need for personnel even greater. Work order totals for the agency in 2003 equaled 4,606 (this figure does not account for capital projects, work for others projects, all preventive maintenance or routine custodial work performed in the building on a daily basis). The agency's current staffing compliment is not able to keep pace with building project work, preventive maintenance activities, and unplanned systems and equipment failures. Reductions in personnel will translate into reduced services for building tenants and overall diminished care of the building.

For several budget years, non-personnel appropriations -- utilities, paper and cleaning supplies, parts and supplies for building equipment and systems, tools, education and tuition reimbursement -- also have remained flat or have been reduced. The true cost of non-personnel items, however, has continued to go up with inflation leaving the MBC with less buying power. Lack of appropriation increases in non-personnel coupled with rising personnel costs have left the MBC with shrinking resources. Inability to purchase needed supplies and equipment for project work, and routine corrective and preventative maintenance jeopardizes the continued vitality of the historic landmark City Hall and Courthouse building. Furthermore, lack of funds for staff development and education deprives the agency of the efficiencies and enhancements that come from well-educated employees, and lowers the agency's ability to compete in the job market.

3) Maintaining and enhancing building security
MBC staff worked with City and County staff to develop a proposal for implementing and improving building security systems, and contracting for uniformed personnel trained in the area of security measures and first responding. To ensure the safety of tenants, visitors and property, continuation of the agency's security program is imperative. The building is in need of additional closed circuit television monitoring cameras and expansion of the access control system. Furthermore, it is crucial for the MBC to have the resources to detect what is happening in the building through either human or electronic means, and maintain skilled staff for assessing threat levels, and responding to medical emergencies and critical situations. The MBC did not increase line item costs for contracted Hennepin County security in the 2004 and 2005 budgets even though these costs are projected to increase. Lack of non-personnel increases in addition to continued budget reductions might require the MBC to pare down or eliminate the building security program. Lack of security equipment and uniformed presence in the building will make the MBC an easier target for possible terrorist activities, and result in lower levels of safety for tenants and visitors.

4) Agency communication
As part of the MBC's business plan development process, staff administered several surveys including an employee survey. MBC staff was asked to voluntarily complete the survey and was informed that their responses would be kept anonymous. The survey asked questions related to staff opinions on agency strengths and weaknesses, impressions on training classes and safety procedures, agency communication, and other miscellaneous suggestions or concerns. Overall results of the survey were very positive. Staff did, however, identify an area needing improvement: management-employee communication. Sixty-two percent of staff responding to the survey did not feel that the MBC kept employees well informed on employee-related matters. In addition, staff highlighted management-employee relations as an agency weakness. MBC management strives to provide two-way communication with agency employees. Managers employ an open door policy, all staff meetings are held on an annual basis, and staff is engaged in project planning and execution. Further strategies will be explored for improving and enhancing agency communication.

5) Workforce diversity
The MBC recognizes the importance of developing and maintaining a diverse work staff to parallel the diverse communities, in which we work and live. In the custodial and security division of the agency, MBC staff has made an attempt to diversify the staff by hiring people of color and female candidates. Agency hires over the past 2 years have resulted in diversifying the workforce with people of color and one woman. The number one overall obstacle to diversifying the workforce is the lack of open positions to be filled. In addition, an observed obstacle to hiring women is that many entry level positions require night, over-night and weekend shifts, which can be difficult to integrate into an employee's family structure. The ability to effectively communicate using the English language has been an obstacle in hiring and maintaining a diverse workforce as well. The MBC works with outside agencies to translate employment information and provide bilingual training for employees who do not speak English as their first language; however, a minimal basic amount of English is required in order to start in the job.

In the building trades division of the agency, open positions are hired through the respective labor unions. Candidates are trained in their labor unions apprentice programs, which range from 5 to 7 year programs. Applicants must apply to participate in the labor union's apprentice program. Although, the MBC hires from the labor unions' apprentice programs, the MBC does not have input on the diversity of employees who are selected to participate in the labor union apprentice programs. People of color and women participating in apprentice programs are desirable employees and may have the unique ability to select an employer.

Public agencies like the MBC are not always capable of meeting salaries and benefits offered by private organizations that may be in the position to offer incentives such as financial bonuses, expedited timelines or parking reimbursements. Regardless of the challenges involved, the MBC has a history of and will continue to work to maintain a diverse workforce.

6) Revenue opportunities
To help mitigate the impacts of future budget reductions and lessen dependence on property tax revenues for supporting agency activities, MBC staff is in the process of exploring new sources of revenue. Potential new revenue streams include grant awards, implementation of a coffee shop, renting out spaces in the building such as the Rotunda, City Council Chambers and District Courtrooms for special events, expanded vending, and sale of City Hall and Courthouse memorabilia.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

The Municipal Building Commission has identified the following key initiatives. The initiatives identify a mix of activities that will be accomplished within the next five years as well as on-going activities that

are expected to carry on beyond 2009. Information is presented on initiatives that are department-wide and those that are specific to agency business lines. A more detailed explanation of each initiative follows the summary list below.

Department-wide Key Initiatives

- Revenue Generation Options and Grant Opportunities
- Information Systems and Web Site
- Energy Conservation

Business Line Key Initiatives

Care Business Line
- Mechanical and Life Safety Systems (MLSS) Upgrade Project
- Asbestos Abatement
- Routine Repair and Maintenance throughout Department Spaces
- Preventive Maintenance Program and Equipment Replacement
- Building Recycling Program

Control Business Line
Security Initiative
- AutoCAD Drawing Updates
- Multi-lingual Signage Project

Department-wide Key Initiatives

Revenue Generation Options and Grant Opportunities
While resources to government entities are decreasing, costs for personnel, benefits, utilities, supplies and materials to do business continue to grow. As the cost of doing business goes up and the level of service expectation remains the same or greater, government organizations are faced with tough choices. The challenges of managing and maintaining an historic facility also put added strain on resources for the Municipal Building Commission due to often incomplete information for completing projects and the inventive methods that must be employed for getting work done.

Shrinking resources have impacted the MBC in the form of budget reductions over the last several budget cycles. To help mitigate impacts of these reductions and identify non-property tax revenue resources, MBC staff has identified several potential external revenue sources as outlined below:

- Coffee Shop: Results of a Request for Proposal process indicated that there was not significant interest within the café/deli business sector to implement such facilities at the City Hall and Courthouse building. The MBC further explored the possibility of implementing a smaller scale operation to provide coffee and limited food service in the building. Interest in this type of venture has been very positive. MBC staff is currently reviewing qualifications of several local vendors and will be making a recommendation to the MBC mid-Summer 2005. Build-out for the coffee shop operation will occur in conjunction with Mechanical and Life Safety Systems Upgrade activities and is expected to be complete by second quarter of 2005. Revenue from the coffee shop will be funneled into the MBC Historic Preservation Fund.

- Rental Space: Key locations in the City Hall and Courthouse such as the Rotunda, City Council Chambers and Hennepin County District Conference and Courtrooms will be made available for special events, weddings and meetings. Patrons will use internal catering facilities, event set-up

and equipment. A Request for Proposal for the catering operation was sent out in January 2004. A review committee selected Lancer Catering to provide catering services in the building. It is expected that the space rental and catering operation will be implemented by March 2005. Revenues from this initiative will be put into the MBC Historic Preservation Fund.

- Vending Sales: A Request for Proposal process received interest from one vendor to provide vending services in the City Hall and Courthouse building -- Minnesota State Services for the Blind (MSSB). The MBC has signed a contract with MSSB to provide vending services in the building through 200X. Vending machines will be accessible 24-hours-per-day and 7-days-per-week, and will offer a variety of gourmet coffees, sodas, water, juice, milk, snacks, salads, yogurt, fruits, pastries, sandwiches, and candy. Revenues received from vending sales will be channeled into the MBC Historic Preservation Fund.

- Market Building Memorabilia: Postcards, Municipal Monument books, hats, sweatshirts, mugs and other items would be made available for sale on-line through the agency's Web site. MBC staff is in the process of further exploring the cost effectiveness from these sales and the steps necessary for implementing such an endeavor.

- Grant Funding: MBC staff has researched several potential grant opportunities. Staff is in the process of determining appropriate projects to submit according to grant funding guidelines. It is likely that the MBC will submit a proposal for grant funding in 2005. MBC staff also will work to develop a closer relationship with the City of Minneapolis, Grants and Special Projects office as well as other City and County departments who receive grant funding to identify grant opportunities, and provide technical assistance.

The MBC Historic Preservation Fund will support the following activities: any and all activities both operating and capital in keeping with the agency's mission to provide effective and efficient services to operate, maintain and preserve the historic landmark Minneapolis City Hall and Hennepin County Courthouse building, and ensure a safe and functional environment for City and County government employees, citizens and elected officials. All funds will be accounted for in a Special Revenue Fund according to City of Minneapolis accounting practices; any unspent funds remaining at the end of the calendar year will go into an MBC fund balance and will be carried over into the next calendar year. Furthermore, all projects utilizing MBC Historic Preservation Funds will be brought before the MBC Board for approval.

Information Systems and Web Site

The MBC has implemented and continues to develop and enhance several automated systems including: Aperture, Energy Management System and MicroMain. In addition, the MBC currently maintains Intranet and Internet Web sites for policy-makers, City and County employees, and members of the public to access information about the MBC and City Hall and Courthouse Building. Brief summary descriptions of these systems follow:

- Aperture: A computer aided facilities management (CAFM) software program. Aperture is used by the MBC for providing readily accessible, up-to-date and accurate information on space utilization within the Minneapolis City Hall and Hennepin Courthouse building. Aperture is a powerful software tool for storing, displaying and analyzing complex facility information. Visual functions depict layers of drawings for entire floors or can be used to zoom into specific department areas, office groups or even individual offices. Users also can select from a number of reports showing data such as department location in the building or usable space by floor and agency. Availability of this data makes it possible for the MBC to expedite design services and renovations, determine building usage, quickly relay information and make informed management decisions.

- Energy Management System: MBC staff is in the process of planning for and implementing an energy management system. This system will automate electrical and heating, ventilation and air conditioning systems. Energy consumption will be tracked and readily accessible. In addition, staff will have greater control over management and operation of these systems via computerized means. The MBC Energy Management System will help support more efficient use of energy throughout the building.

- MicroMain: An automated maintenance software package used for facilities management. MicroMain is a customizable software package that is tailored to meet the needs and business operations of the MBC. The program issues, assigns and tracks work orders for routine, corrective and preventive work activities by location and type of equipment. Use of this software allows the agency to compile summary information on work volume and gauge outcomes such as the length of time to complete work requests as well as the labor time involved in completing various types of work. MicroMain fosters enhanced planning and evaluation of resource allocation.

- Web Sites – Intranet & Internet: The agency has developed and implemented a Web site for internal use by MBC employees, and City and County tenants as well as a public site located at http://iwww1/mbc and http://www.municipalbuildingcommission.org, respectively. Both sites provide information on the Municipal Building Commission Board, a wealth of historical information and photos about the building, project updates and important notices. The internal site accessible by tenants and employees provides links for requesting agency services on-line and to the tenant handbook, which outlines emergency procedures and building policies. Both Web sites are important tools that allow 24-hour, instantaneous access to information about the MBC and the City Hall and Courthouse building. It is likely that the Web site will be used to market and sell agency memorabilia.

Energy Conservation - Electrical Consumption
Over the past five years, electrical consumption in the City Hall and Courthouse has been reduced approximately 25 percent. The building used 758,443 kilowatt-hours-per-month in September 1998 as compared to 555,599 kilowatt-hours-per-month in September 2003.Chart 1 below shows these reductions.

In September 2001, the building experienced significant reductions shortly after the opening of the Hennepin County Public Safety Facility (PSF). When the nine-month period after the opening of the PSF is ignored, linear regression analysis indicates that electrical consumption and demand was falling both before and after this period. In fact, electrical consumption fell even faster after May 2002 than before September 2001. It should be noted that three large air-handling units were installed between September 1998 and September 2003. These new units consume additional electricity but provide increased quantities of fresh air in previously poorly ventilated areas. Despite the additional electrical consumption from these large fans, overall electrical consumption has continued to fall.

The electrical savings in the City Hall and Courthouse are due to a number of factors. Many improvements occurred as part of the MLSS upgrade project. They include:

- installation of energy efficient lighting
- installation of variable frequency drives that allow motors to run at reduced rates
- installation of lighting controls incorporating night lighting shut-off
- energy management system upgrades incorporating night HVAC shut-off
- installation of energy efficient motors

Many of these upgrades resulted in revenues to the City and County for energy efficiency rebates from Xcel energy. MBC staff will continue to introduce energy efficient components, systems and equipment throughout the building, and utilize rebate programs, where applicable.

Energy Conservation - Chilled Water and Steam Consumption
Analysis of steam and chilled water consumption in the City Hall and Courthouse over the past six years indicates cooling water consumption appears to be decreasing (improving) slightly and steam consumption appears to be increasing slightly. Variations in outside temperature over this period may make the observed changes insignificant. Based on this information the MBC is achieving its goal of maintaining existing levels of energy consumption while expanding and upgrading HVAC systems throughout the building.

Annual cooling water consumption was analyzed from 1997 through 2002. Results of the analysis show that cooling water consumption is not increasing. Review of cooling degree-day trends indicates that summers have been getting slightly warmer over the past six years. Since summers got slightly warmer and the cooling water consumption remained stable, cooling water efficiency improved.

Annual steam consumption also was analyzed from 1997 through 2002. Results of the analysis show that steam consumption increased slightly over this period. Examination of heating degree-day trends show that heating demand has remained stable. On this basis, steam consumption has increased. Graphical analysis of the steam consumption trends indicates an increase of approximately 1,000 mlbs. over the six year period. This equates to less than one-half percent, per year, which may be less than the error accuracy of the analysis techniques.

During the six-year period, numerous large air-handling units have been installed in the City Hall and Courthouse. These units are utilized to provide increased quantities of ventilation air. In addition, literally hundreds of variable air volume heating coils have been installed to provide area heating in remodeled areas throughout the building. Perimeter radiation heating units and specialty computer room cooling units also have been installed in the building.

In summary, the MBC appears to be meeting its goal of improving heating, ventilating and air conditioning systems within the City Hall and Courthouse without significantly increasing energy consumption. Over the past four years, a significant quantity of new air handling capacity, heating and cooling coils and perimeter radiation has been installed. Over this same period, the variation in the consumption of steam and cooling water in the building has been insignificant after accounting for changes in outside temperature as discussed previously.

Several methods have been utilized to improve temperature control within the building without significantly increasing steam and cooling water consumption. They include the following:

- replacement of inefficient obsolete equipment
- use of economizer cycle (outside air for natural cooling during the Spring and Fall seasons)
- upgrade of the building’s energy management system
- reduced energy consumption during unoccupied hours

The MBC will continue to monitor and track chilled water and steam consumption, and strive to maintain and incorporate energy efficient systems and practices.

Care Business Line Key Initiatives

Mechanical and Life Safety Systems (MLSS) Upgrade Project, Asbestos Abatement and Routine Repair and Maintenance throughout Department Spaces

Based upon key reports and information received from several experts, the MBC initiated the 23-stage Mechanical and Life Safety Systems (MLSS) upgrade capital project in 2001. Results of reports indicated that the City Hall and Courthouse was in dire need of upgrading the building mechanical system installed in an uncoordinated, piecemeal fashion between 30 and 60 years ago, and incorporating life safety components in approximately 60 percent of the building where none exists. The mechanical portion of the MLSS project involves renovation of heating, ventilating and air conditioning systems. The design includes four packaged air-handling units on every other floor of the building. These units will be supplied with chilled and hot water from risers located in the four corner shafts. The design also includes new distribution ductwork with variable air volume boxes; electronic controls; converting existing air handling units to use 100 percent outdoor air; hot water finned tube radiation in rooms with exterior walls; and creation of three main exhaust systems (smoke, toilet and general). Life safety improvements include installation of sprinklers, fire alarms, smoke detection and public address systems; updating building exits and stairs and installing fireproofing smoke barriers and purge systems.

Planning by MBC, the City of Minneapolis and Hennepin County resulted in the implementation of a combined life safety, mechanical upgrade, asbestos abatement and routine suite improvement program. The implementation method protracted construction over a 12-year period to match funding ability of the City of Minneapolis. Key outcomes of the project are to replace tattered and failing systems before they collapse, and implement life safety components for improving building occupant safety. There is significant potential for total failure of systems that are decades beyond their expected life cycle as well as potential safety risks for building tenants and visitors. Even with adherence to the current 12-year project schedule, the MBC may need to vacate portions of the building because of system failures.

MLSS project work requires gutting of spaces for implementation of mechanical and life safety systems, which presents a prime opportunity for removing asbestos and completing much needed routine repair and maintenance. Repair and maintenance work in project spaces includes replacing inefficient electrical wiring and lighting; integrating light panels to increase energy efficiency; separating wiring for lights from outlets; installing new electrical systems on separate circuits to reduce the potential for circuit overload; coordinating the installation of code compliant telephone and computer wiring; removing radiators to reduce the use of steam; and installing new ceiling grids and tiles, carpeting, and paint.

Four stages of the MLSS project have been completed to date involving City-occupied space in the building. As both the City and County maintain equal ownership in the agency, capital project funding is supported 50-50 by these two entities. Capital funding requests are submitted annually to the City Capital and Long-range Improvement Committee and the County Capital Budgeting Task Force, and are approved in five-year cycles. The MBC anticipates seeking capital funding for the MLSS project through 2013. To stretch capital project dollars, project work also is being supported through the MBC operating budget at a cost of approximately $475,000 annually for completing routine repair and maintenance work in department spaces.

City and County goals impacted through MLSS project activities include enhancing tenant and public safety, providing quality services at a good value to tax payers, preserving the historic City Hall and Courthouse, promoting a sustainable City and County, and supporting key City and County functions performed by departments located in the building.

Preventive Maintenance Program and Equipment Replacement

Standard practice in any facility management organization includes development and implementation of a preventive maintenance program. Preventive maintenance should be completed on all building systems and equipment to extend useful life and reduce overall operating costs. Regular maintenance also can detect potential failures and repairs, and allow for planned replacement. Other activities included under the preventive maintenance category are such tasks as regular window cleaning, carpet cleaning, floor waxing, painting and re-lamping; these activities also extend the life of building infrastructure and allow for inspection to determine future replacement needs.

Without preventive maintenance, systems and equipment can break down causing significant impacts to building tenants and visitors -- considerable cost can be incurred, productivity can be reduced and access to needed services can be hampered. Identifying system and equipment needs through preventive maintenance leads to proactive planning for replacement, and the ability to determine costs up-front and set aside necessary resources. Inconvenience and consequences to tenants and visitors should be seamless under a planned replacement scenario. Furthermore, corrective maintenance calls should be reduced as the direct result of a vigorous preventive maintenance program.

The MBC conducts preventive maintenance activities on a regular basis for all building systems, equipment and infrastructure. Staff is working on developing an automated program utilizing MicroMain for streamlining scheduling of this work and ensuring that it is completed according to recommended manufacturer standards. Budget reductions have impacted the agency preventive maintenance program. The agency is unable to support an adequate level of human resources for completing project work, responding to unplanned, higher priority, corrective maintenance issues and continuing to complete preventive maintenance at the same time -- resources are directed towards the areas of greatest need. The consequence has been that less time is dedicated to preventive maintenance except for the most critical building components.

In addition, completion of consistent and regular preventive maintenance has not always occurred in the building's history. Lack of regular maintenance and replacement has caused additional wear and tear on systems, equipment and other building infrastructure such as carpet, tiled floors and painted walls: a large proportion of building infrastructure is being utilized beyond its expected life cycle. To determine the state of building systems, equipment and infrastructure, and begin planning for updates to old, out-dated and failing components, the agency is working on implementing an equipment replacement program.

City and County goals supported by MBC preventive maintenance and equipment replacement activities include enhancing tenant and public safety, providing quality services at a good value to tax payers, preserving the historic City Hall and Courthouse, promoting a sustainable City and County, and supporting key City and County functions performed by departments located in the building.

Continued budget reductions will significantly impact the livelihood of the agency preventive maintenance and equipment replacement programs. The programs are barely sustained under the current level of funding. Loss of these important programs will compromise overall care and maintenance of the City Hall and Courthouse building, and jeopardize a key linkage to the City's and County's past.

Building Recycling Program

In March 2003, the Hennepin County Department of Environmental Services implemented a revised recycling program for County buildings. The program, “Take a Second Look,” has the potential to increase recycling revenue, decrease waste stream costs and improve the environment.

MBC staff reviewed the recycling model developed by Hennepin County. Many of the practices outlined in the County program would benefit the City Hall and Courthouse building. Staff developed a similar program plan for the building and presented it to the MBC Board in December 2003. The program approved by the Board in December was implemented early in 2004. The program includes:

- A tenant kick off and training component to inform tenants about the new collection process for white paper mixed paper, cans, glass, plastic bottles and newspaper mix.
- Approximately 2,000 new desk-side recycling containers for white and mixed paper were distributed to employees located in the building.
- 600 existing stackable intermediate recycling containers were newly labeled.
- 200 additional stackable intermediate recycling containers were located throughout the building in conference rooms and additional office locations.
- The MBC is transporting metal cans, glass and plastic bottles to the Hennepin County Recycling Center and Transfer Station located in Brooklyn Park.
- MBC staff plans to evaluate increases in revenue, decreases in waste cost and report the results to the MBC Board on an annual basis.

Control Business Line Key Initiatives

Security Initiative

Recent events have heightened interest in and the need for building security. Several high profile City and County departments are located in the building including the Mayor's Office, City Council, Minneapolis Emergency Communications Center (911-call center), City Coordinator, City Clerk and Hennepin County Arbitration and Conciliation Court. MBC staff worked with City and County staff to develop a proposal for implementing and improving out-of-date building security systems, and contracting for uniformed personnel trained in the areas of security measures and first responding.

Security staff contracted through Hennepin County has been patrolling the City Hall and Courthouse building since April 2003. These staff provide access control and protection of property, patrol the building during business hours, and act as first responders in medical emergencies and duress situations. The MBC also will recruit and train in-house staff to perform security duties in 2004. MBC internal security staff will protect the building and tenants on a 24-hour, 7-day-per-week basis and will staff the Security Desk located in the Rotunda of the building. Plans also are moving forward to install additional closed circuit television monitoring cameras and connect these cameras to the Hennepin County Security Operations Center (SOC) located in the Government Center. County security staff will monitor these cameras on a 24-hour basis. Final connection to the SOC should be made in 2004 when construction of this new center is complete. Staffing costs are on going and currently supported through 2004 via the MBC annual operating budget. Capital funding has been provided by the City and County for the limited activities identified above.

MBC security activities aid in meeting important City and County goals such as enhancing tenant and public safety, ensuring access to necessary government information and services, preserving the historic City Hall and Courthouse, promoting a sustainable City and County, and supporting key City and County functions performed by departments located in the building.

Agency budget reductions threaten continued support of building security initiatives. Further funding cuts may require the MBC to pare down or eliminate the security program compromising the safety of policy-makers, tenants and visitors in the building. It is crucial for the MBC to maintain skilled security staff for assessing threat levels and responding to medical emergencies and critical situations. Lack of

security equipment and uniformed presence in the building will make the MBC an easier target for possible terrorist and other
acts of foul play.

AutoCAD Drawing Updates
Architectural drawings are key to the efficient and effective functioning of any building. Drawings show information on architectural elements such as internal and external walls, stairwells, elevator shafts, doors and windows as well as infrastructure and systems such as electrical, voice and data wiring, sprinkler systems, plumbing fixtures and air handling units. Building plans are used in all aspects of facility management and provide valuable information for maintaining systems and equipment, and completing construction work. Furthermore, plans show the existence and locations of items hidden in ceilings, walls or floors that cannot readily be seen without extra effort or, in some cases, excavation.

AutoCAD -- a computer aided drafting software -- is the most common method used for storing building drawings. Plans are created and stored electronically making access and updates to drawings easier. Widespread practice of building managers is to maintain master drawings representing information for all aspects of the facility. Building plans are used on a regular basis. Outdated and missing information can result in erroneous decisions, cause mistakes, increase costs and decrease productivity. Maintaining up-to-date and accurate drawings is imperative for basing important decisions and facilitating project work.

The City Hall and Courthouse building has undergone decades of project work and changes to building architecture and systems, which have not been closely tracked or well documented. The MBC literally has hundreds of electronic and hard copy drawings related to the building, and continues to compile new information as MLSS and other project work is completed. Furthermore, efforts are being made to document information on many building components that are not represented on any plans. As a result, agency master drawings are incomplete. Lack of complete information makes it difficult to obtain accurate building information and takes up considerable amounts of staff time compiling and/or verifying needed information.

Using AutoCAD, the MBC plans to streamline building information onto single electronic drawings for each floor. Plans will be updated per project work that has occurred in the building and formatted according to the agency AutoCAD Protocol document completed in June 2002. In addition, missing information will be added.

As with other initiatives already identified, budget cuts compromise the ability of the MBC to follow through and complete the work of updating building AutoCAD drawings. Updates have primarily been completed through the work of in-house staff, as time permits. As a result, only a minimal percentage of the project has been accomplished. Completion of this work is imperative for enhancing and facilitating MBC activities in the City Hall and Courthouse building.

Updating building AutoCAD drawings relates to several City and County goals: enhancing tenant and public safety, providing quality services at a good value to tax payers, preserving the historic City Hall and Courthouse, promoting a sustainable City and County, and supporting key City and County functions performed by departments located in the building.

Multi-lingual Signage Project
The local community is becoming more diverse. As a result, large numbers of Hennepin County and Minneapolis residents speak a language other than English. The MBC is currently working with the City of Minneapolis, Multi-cultural Services Department and an outside vendor to improve access to government services in the City Hall and Courthouse building for limited English proficient residents.

Work is moving forward on installing multi-lingual signage throughout the building showing a floor plan, room numbers and department names in up to ten languages including Somali and Spanish. Other MBC activities in this area include improving staff access to and procedures related to providing interpreter services for people who do not speak English.

Other Models of Providing Service
MBC staff evaluated other models for providing services to maintain the City Hall and Courthouse building, and meet the needs of building tenants and visitors. Outsourcing for services -- building maintenance, custodial and security activities -- is a key trend in many public and private-sector facility management organizations.

The Municipal Building Commission currently uses a combination of in-house staffing and outsourcing to minimize costs in the area of building maintenance. By comparing bid alternates and quotes with estimated in-house labor costs the MBC retains the flexibility to implement the most practical method of completing tasks. Both methods (outsourcing and utilizing in-house staff) have proven to be cost effective depending upon the situation.

There are advantages and disadvantages to outsourcing. In some situations, outsourcing is financially cost effective and offers a good value. In other situations, in-house staff can complete projects faster and cheaper. In-house staff possess institutional knowledge -- particularly intimate knowledge of building systems and architecture -- that plays an integral role in completing project work in an historic, 100-year-old building such as the City Hall and Courthouse. Furthermore, MBC staff show loyalty to the agency and take pride in their work, which impacts the ultimate outcome of caring for and maintaining the building. Staff turnover at the MBC has remained quite low. Lower levels of staff turnover saves money by reducing administrative activities involved in promoting, recruiting and hiring for positions as well as costs associated with training and lower productivity from new employees while they become familiar with their new position.

Other issues with outsourcing include loss of control over employee screening and hiring, and the ability to ensure that trustworthy and honest employees are providing services such as security, entering sensitive areas of the building, and working on key systems and equipment. Tenants appreciate familiar faces and have higher comfort levels with employees they know. Use of non-Union labor also can raise concerns from organized labor groups. Flexibility and quick response to tenant and visitor needs can be compromised with use of contract staff as well.

The MBC plans to continue working on capturing the advantages offered by both outsourcing and use of in-house staff on a case by case basis keeping in mind the best interests of the City Hall and Courthouse building, tenants and visitors to the building, and the public.

Primary Business: CARE

Description of Primary Business: This business line is responsible for operating, maintaining and preserving the building through custodial, utility, repair and maintenance, preventive maintenance activities, and capital improvements.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected

Explanation of Key Performance Measures: The MBC participated in the City of Minneapolis business planning process. The MBC Board ratified the MBC 2004-2008 Business Plan in February 2004. MBC staff also had the opportunity to present key business plan information to the Hennepin County Board and Minneapolis City Council. The agency business plan was well received by both groups. In the 2004-2008 Business Planning process, MBC performance measures were reviewed. Several new performance measures were developed and

several existing performance measures were revised. Due to these changes, the MBC does not have relevant past data to report for these measures. In addition, until data has been collected and analyzed for 2004, it is difficult to provide estimate figures for these newly implemented performance measures. Complete data will be provided during the 2005 budget development cycle.

Primary Business: CONTROL

This business line is responsible for administrative functions including serving as staff to the MBC Board, implementing Board directives, space assignment and coordinating City and County tenant needs as well as planning, emergency preparedness, security, communications, human resources, labor relations, contract services, information technology, finance, accounting, payroll, and operating and capital budgeting activities.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected

Explanation of Key Performance Measures: The MBC participated in the City of Minneapolis business planning process. The MBC Board ratified the MBC 2004-2008 Business Plan in February 2004. MBC staff also had the opportunity to present key business plan information to the Hennepin County Board and Minneapolis City Council. The agency business plan was well received by both groups. In the 2004-2008 Business Planning process, MBC performance measures were reviewed. Several new performance measures were developed and several existing performance measures were revised. Due to these changes, the MBC does not have relevant past data to report for these measures. In addition, until data has been collected and analyzed for 2004, it is difficult to provide estimate figures for these newly implemented performance measures. Complete data will be provided during the 2005 budget development cycle.

Financial Analysis:

EXPENDITURE

The Municipal Building Commission's expenditures increase by 2.9% in 2005 to $7.18 million. The largest increase appears in Fringe Benefits. The number of positions decreases by one for a total of 61 positions.

The budget for MBC includes $12,800 for benefits administration which was centrally budgeted in the past. It also includes $45,000 to phase in General Fund overhead charges. If charges are phased in over 5 years, MBC's General Fund annual overhead charges are estimated to be $274,000.

REVENUE

The Commission has a 1.9% overall increase in revenues in 2005. It receives $3.6 million from Property Taxes revenue, a $94,000 or 2.7% increase from 2004. Charges for Service brings in an additional $66,000, a 2.1% increase. There is also a decrease of $12,000 in Rents and an $11,000 or 4.7% decrease in State Government revenues.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

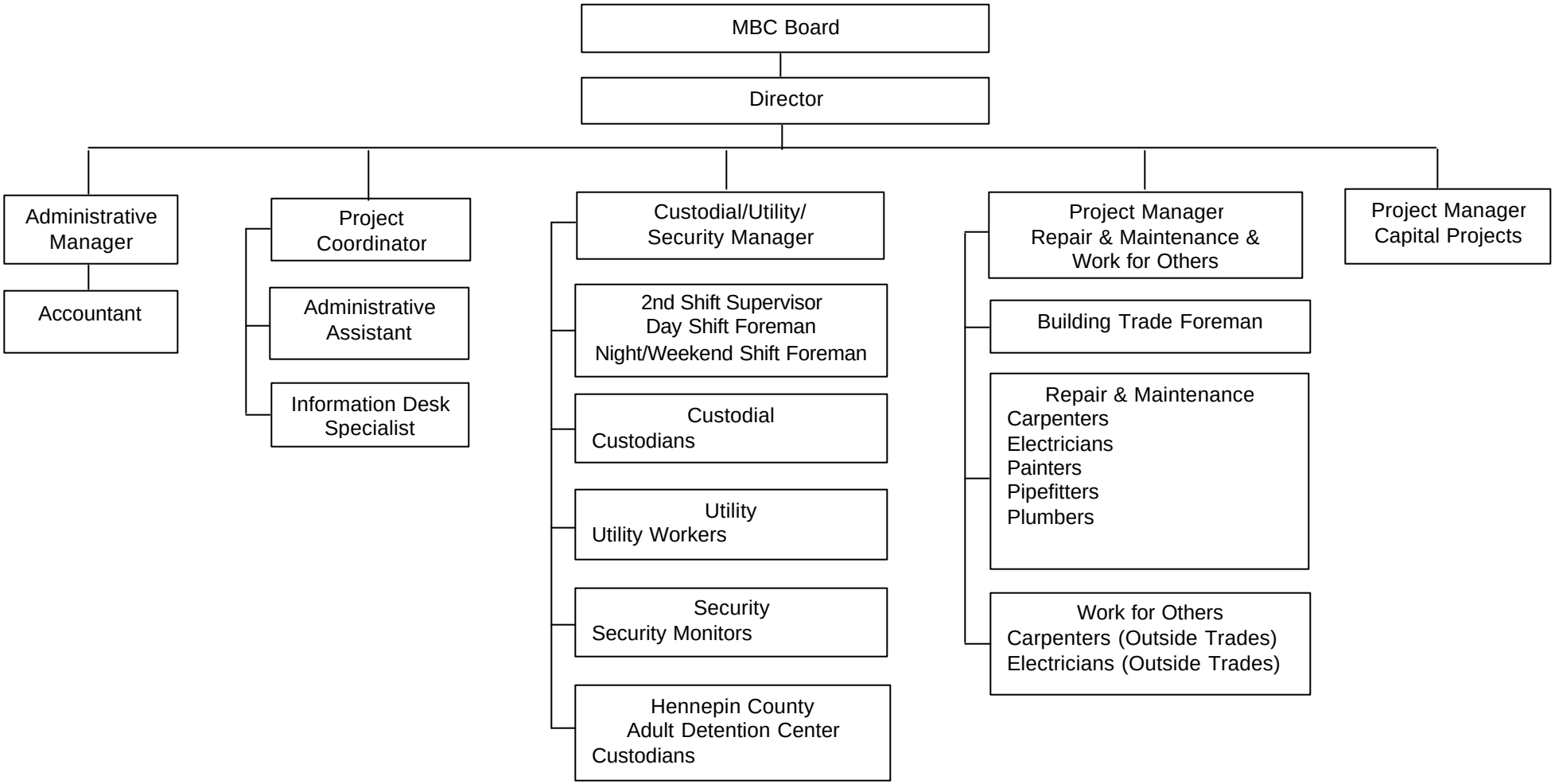
ADOPTED BUDGET

No changes were adopted by the Council.

MUNICIPAL BUILDING COMMISSION
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	5.50	5.50	5.50	6.00	9.09%	0.50
Custodial and Security	38.00	35.50	35.50	34.00	-4.23%	(1.50)
Repairs and Improvements	18.00	18.00	17.00	17.00	0.00%	-
Adult Detention Center	2.00	2.00	1.00	1.00	0.00%	-
Works for Others	3.00	3.00	3.00	3.00	0.00%	-
Total FTE's	**66.50**	**64.00**	**62.00**	**61.00**	**-1.61%**	**(1.00)**

Municipal Building Commission
Organizational Chart



MUNICIPAL BUILDING COMMISSION
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Contractual Services	2,587,749	2,675,270	2,298,628	2,380,925	3.6%	82,297
Equipment	460	0	6,000	6,000	0.0%	0
Fringe Benefits	837,219	899,130	1,027,749	1,148,205	11.7%	120,456
Operating Costs	653,864	649,229	570,858	566,902	-0.7%	-3,956
Salaries and Wages	2,752,584	2,818,210	3,073,767	3,079,612	0.2%	5,845
Transfers	171,000	164,000	0	0		0
Total for Special Revenue Funds	7,002,876	7,205,838	6,977,002	7,181,644	2.9%	204,642
Total for MUNICIPAL BUILDING C	7,002,876	7,205,838	6,977,002	7,181,644	2.9%	204,642

MUNICIPAL BUILDING COMMISSION
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Charges for Sales	53,720	100,338	87,000	87,000	0.0%	0
Charges for Service	3,116,069	3,106,162	3,126,217	3,192,442	2.1%	66,225
Interest	2	0	0	0	0.0%	0
Other Misc Revenues	7,256	94	200	600	200.0%	400
Property Taxes	3,057,016	3,282,801	3,523,871	3,617,525	2.7%	93,654
Rents	55,687	55,611	54,750	42,500	-22.4%	-12,250
Sales and Other Taxes	287	299	0	0	0.0%	0
State Government	515,383	464,005	253,028	241,214	-4.7%	-11,814
Total for Special Revenue Funds	6,805,420	7,009,310	7,045,066	7,181,281	1.9%	136,215
Total for MUNICIPAL BUILDING COMMISSIO	6,805,420	7,009,310	7,045,066	7,181,281	1.9%	136,215

MINNEAPOLIS PARK BOARD

Mission Statement:

Coordinate and direct activities that provide well-balanced recreational opportunities for Minneapolis as well as supportive financial, personnel and public information services for all divisions of the park system and its facilities.

Primary Businesses:

- Park Administration
- Planning
- After School Program
- Environmental
- Equipment Supply
- Forestry
- Information Technology Services
- Park Maintenance
- Parkway Maintenance
- Park Police
- Recreation Division
- Park Rehabilitation
- Special Services
- Teen Teamworks

Key Trends and Challenges Impacting the Department:

The 2005 budget was developed within the following guidelines:

- 4% Property Tax increase (City Financial Policy)
- 2% increase in total compensation (City Financial Policy)
- 19% increase in health insurance costs (City budget direction)
- 11.79% Local Government Aid (City Financial Policy)
- $215,000 Increase in pay as you go capital funding (City Financial Policy)
- $800,000 City management fee

Key Initiatives or Other Models of Providing Service to be implemented in 2005

We will not be continuing with the "cookie cutter" approach to delivering services that worked well in the 50's, 60's and 70's. The district structure will provide for more relevant service decisions where needed at the neighborhood and community level. Demographics demand and needs will drive service delivery, not consistent programs across the park system. Service districts will include a district manager, police, planning, recreation and maintenance functions. District staff will be housed in an existing facility in each district. The master planning process will occur after the districts have been implemented and will focus on meeting service needs at the district level. Our approach to services will be quality not quantity.

Primary Business: City – Board Initiatives:

- **Wirth Winter Recreation - master plan completed in 2003 outlines a $4 million dollar investment needed to complete the facility.**
- **Tree Planting**
- **Dutch Elm Impacts**
- **Downtown Forestry Special Assessment District**
- **Minneapolis Park Foundation**
- **Lake Harriet Live**
- **Parkway Lighting**
- **Water Quality Initiatives**
- **Skate Park Development**

Financial Analysis:

The 2005 budget for the Park Board is $69.75 million, including all sources of revenue, less than a 1.7% decrease over 2004. There is a decrease of 4.92 positions from 2004.

The 2005 Park Board budget includes $132,700 in charges for benefits administration which were centrally budgeted in the past. It also includes $828,000 to begin phasing in General Fund overhead charges. If charges are phased in over 5 years, the Park Board's General Fund annual overhead charges are estimated to be $1.8 million.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

PARK AND RECREATION BOARD
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	39.60	35.70	31.45	34.45	9.54%	3.00
Environmental Operations	17.38	17.38	17.18	17.90	4.19%	0.72
Park Maintenance	233.80	233.02	214.49	211.32	-1.48%	(3.17)
Police	55.00	53.00	59.69	59.69	0.00%	-
Planning	18.00	16.00	15.00	14.00	-6.67%	(1.00)
Forestry	97.06	96.06	95.06	95.06	0.00%	-
Special Services	124.02	124.02	125.18	125.18	0.00%	-
Information Technology System	7.00	7.00	7.00	8.00	14.29%	1.00
Equipment	15.45	15.41	15.41	16.41	6.49%	1.00
Citywide Recreation	313.63	312.68	301.01	294.29	-2.23%	(6.72)
Teen Teamworks	25.75	25.75	25.75	25.75	0.00%	-
Self-Insurance Revolving	0.25	0.25	0.25	0.50	100.00%	0.25
Total FTE's	**946.94**	**936.27**	**907.47**	**902.55**	**-0.54%**	(4.92)
Full-Time/Part-Time						
Full-Time FTE's	616.63	600.85	568.88	568.23	-0.11%	(0.65)
Part-Time FTE's	330.31	335.42	338.59	334.32	-1.26%	(4.27)
Total FTE's	**946.94**	**936.27**	**907.47**	**902.55**	**-0.54%**	(4.92)

PARK BOARD
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Capital Outlay	168,941	872,974	1,327,500	600,000	-54.8%	-727,500
Contractual Services	2,664,660	2,546,597	2,262,900	2,194,678	-3.0%	-68,222
Equipment	145,313	138,166	1,436	1,832	27.6%	396
Equipment Labor	0	0	0	0		0
Fringe Benefits	1,031,987	1,165,830	1,063,959	1,127,226	5.9%	63,267
Operating Costs	1,810,440	1,975,053	1,769,035	1,726,968	-2.4%	-42,067
Salaries and Wages	4,618,030	4,701,447	4,547,566	4,394,657	-3.4%	-152,909
Transfers	1,506,836	1,396,731	1,450,500	1,450,500	0.0%	0
Total for Enterprise Funds	11,946,206	12,796,800	12,422,896	11,495,861	-7.5%	-927,035
Internal Service Funds						
Capital Outlay	13,084	0	25,000	25,000	0.0%	0
Contractual Services	402,295	406,719	499,678	503,345	0.7%	3,667
Equipment	858,272	1,010,004	1,799,394	1,226,506	-31.8%	-572,888
Fringe Benefits	1,694,148	1,822,563	1,935,578	2,021,453	4.4%	85,875
Operating Costs	976,935	1,063,968	2,725,980	2,295,881	-15.8%	-430,099
Salaries and Wages	1,398,603	1,413,221	1,987,223	1,489,740	-25.0%	-497,483
Transfers	0	79,976	0	0		0
Total for Internal Service Funds	5,343,338	5,796,452	8,972,853	7,561,925	-15.7%	-1,410,928
Special Revenue Funds						
Capital Outlay	0	113,251	0	0		0
Contractual Services	10,304,086	10,010,789	9,887,496	9,825,240	-0.6%	-62,256
Debt Service	0	243,394	0	128,896		128,896
Equipment	193,222	146,221	273,759	296,788	8.4%	23,029
Equipment Labor	806	2,287	9,619	9,955	3.5%	336
Fringe Benefits	7,404,331	7,855,630	8,401,757	9,205,810	9.6%	804,053
Operating Costs	2,274,539	2,346,928	2,377,560	2,480,332	4.3%	102,772
Salaries and Wages	27,463,324	27,280,527	28,007,600	27,941,211	-0.2%	-66,389
Transfers	3,310,065	2,306,107	579,500	804,300	38.8%	224,800
Total for Special Revenue Funds	50,950,372	50,305,134	49,537,291	50,692,532	2.3%	1,155,241
Total for PARK BOARD	68,239,916	68,898,385	70,933,040	69,750,318	-1.7%	-1,182,722

PARK BOARD
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Charges for Sales	7,777	2,087	3,000	0	-100.0%	-3,000
Charges for Service	9,128,638	9,892,782	11,077,522	10,082,813	-9.0%	-994,709
Contributions	390,520	458,867	53,000	41,385	-21.9%	-11,615
Federal Government	17,209	0	0	0	0.0%	0
Gains	0	0	0	0	0.0%	0
Interest	57	46	0	0	0.0%	0
Operating Transfers In	215,634	87,839	174,000	100,000	-42.5%	-74,000
Other Misc Revenues	12,267	0	0	0	0.0%	0
Rents	1,415,229	1,396,674	1,094,398	1,686,587	54.1%	592,189
State Government	28,522	20,487	28,500	0	-100.0%	-28,500
Total for Enterprise Funds	11,215,854	11,858,783	12,430,420	11,910,785	-4.2%	-519,635
Internal Service Funds						
Charges for Sales	464,786	432,932	110,000	110,000	0.0%	0
Charges for Service	787,773	815,651	1,746,386	1,846,823	5.8%	100,437
Contributions	38,570	98,873	0	0	0.0%	0
Gains	7,615	6,923	0	0	0.0%	0
Operating Transfers In	124,175	5,245	0	0	0.0%	0
Other Misc Revenues	1,933,847	2,053,662	2,026,853	2,066,149	1.9%	39,296
Rents	3,158,223	3,177,708	3,038,780	3,108,500	2.3%	69,720
Total for Internal Service Funds	6,514,988	6,590,993	6,922,019	7,131,472	3.0%	209,453
Special Revenue Funds						
Charges for Sales	13,553	1,109	29,000	2,000	-93.1%	-27,000
Charges for Service	2,192,743	2,344,880	2,587,508	2,345,050	-9.4%	-242,458
Contributions	134,070	383,075	50,000	50,000	0.0%	0
Federal Government	127,500	60,000	0	0	0.0%	0
Fines and Forfeits	470,405	565,529	497,500	532,500	7.0%	35,000
Licenses and Permits	81,926	95,404	63,000	80,000	27.0%	17,000
Local Government	1,070,275	1,361,884	79,600	176,890	122.2%	97,290
Operating Transfers In	949,927	697,699	486,500	544,500	11.9%	58,000
Other Misc Revenues	20,593	7,025	15,200	10,200	-32.9%	-5,000
Property Taxes	32,456,360	30,999,365	34,131,195	35,690,286	4.6%	1,559,091
Rents	201,816	324,632	217,100	333,200	53.5%	116,100
Sales and Other Taxes	3,051	2,823	3,743	3,400	-9.2%	-343
State Government	15,524,969	13,847,508	10,876,944	10,524,505	-3.2%	-352,439
Total for Special Revenue Funds	53,247,188	50,690,934	49,037,290	50,292,531	2.6%	1,255,241
Total for PARK BOARD	70,978,030	69,140,710	68,389,729	69,334,788	1.4%	945,059

GREATER MINNEAPOLIS CONVENTION AND VISITORS ASSOCIATION

Mission Statement:

The mission of the Greater Minneapolis Convention & Visitors Association (GMCVA) is to sell, market and internationally promote Minneapolis as a premier, year-round destination for convention, trade show, corporate meeting and leisure travel. We are committed to service excellence for all of our clients. We do this for the economic benefit and vitality of the members, businesses and communities we serve.

Financial Analysis:

REVENUES	2002 ADOPTED BUDGET	2002 ACTUAL	2003 ADOPTED BUDGET	2003 ACTUAL	2004 ADOPTED BUDGET	2005 BUDGET	2004-05 VARIANCE
City Funding							
Base Funding	4,910,000	4,910,000	4,910,000	4,910,000	4,910,000	4,910,000	0
1% Dedicated Lodging Tax	870,000	870,299	1,350,000	1,350,000	1,350,000	1,800,000	450,000
MCC Salary Transfer	122,300	122,000	120,000	120,000	120,000	120,000	0
Minneapolis Unwrapped	25,000	25,000	50,000	50,000	50,000	50,000	0
Neighborhood Mktg (Riverfront)	50,000	50,000	50,000	50,000	50,000	50,000	0
MCC Grand Opening	425,000	425,000	0	0	0	0	0
Subtotal City Revenue	$6,402,300	$6,402,299	$6,480,000	$6,480,000	$6,480,000	$6,930,000	$450,000
Annual 2nd Qtr Adjustment for Actual 1% Lodging Tax Receipts	0	0	0	383,248	*174,789	0	(174,789)
Mayor's 2005 Recommended Base Reduction	0	0	0	0	0	(100,000)	(100,000)
Mayor's 2005 Recommended Community Policing Contribution	0	0	0	0	0	(350,000)	(350,000)
City Council Budget Changes	0	0	0	0	0	100,000	100,000
City Council Budget Changes	0	0	0	0	0	350,000	350,000
Total City Revenue	**$6,402,300**	**$6,402,299**	**$6,480,000**	**$6,863,248**	**$6,654,789**	**$6,930,000**	$275,211
GMCVA Nonprofit – Mpls Convention Fund (Org 8642) Donations Pass-Through	0	599,619	0	367,250	0	0	0
Total City Appropriation	**$6,402,300**	**$7,001,918**	**$6,480,000**	**$7,230,498**	**$6,654,789**	**$6,930,000**	**$275,211**
Total Non-City Revenue	**$1,745,050**	**$2,805,001**	**$2,202,000**	**$2,123,413**	**$1,992,375**	**$2,076,580**	$84,205
Total GMCVA Operational Revenue	**$8,147,350**	**$9,806,919**	**$8,682,000**	**$9,353,911**	**$8,647,164**	**$9,006,580**	$359,416

NOTE: There is a $2.5 million loan pledged to the City. Repayment begins in 2007 with pay off in December 2009.
*This reflects the actual 2004 adjustment.

- **1% Dedicated Lodging Tax Projection** – Effective April 1, 2002, the Minneapolis Lodging Tax increased from 2% to 3%. Proceeds from this 1% increase are transferred to GMCVA each year. 2003 was the first full year of receipts from the increase of 2% to 3%.

- **Annual Second Quarter Adjustment for Actual 1% Lodging Tax Receipts** - The 1% tax proceeds are adjusted annually in the second quarter after the calendar year close to reconcile variances in projections. A positive variance would be paid to GMCVA; a negative variance would be deducted from the GMCVA contract. For example, in the second quarter of 2004, GMCVA received a $174,789 payment to reconcile the difference between the 2003 projected revenue and the actual receipts received.

- **Current 1% Lodging Tax Receipts** - For 2004, current receipts for the 3% Lodging Tax from January-October total $3,943,752. The GMCVA receives 1/3 of this amount or $1,314,584. It is anticipated receipts will meet the anticipated budget of $1.35 million by the end of the year.

- **MCC Salary Transfer** – This is an annual $120,000 salary transfer from the MCC Sales Department to the GMCVA as a result of a merger.

- **Minneapolis Unwrapped –** Minneapolis Unwrapped is a $50,000 marketing project promoting downtown shopping through a website and holiday advertising. This project was transferred to the GMCVA from the former MCDA in 2002.

- **Neighborhood Marketing (Riverfront) –** This is a $50,000 marketing project that coordinates promotional efforts of the neighborhoods around the Riverfront. This project was transferred to the GMCVA from the former MCDA in 2002.

- **MCC Grand Opening** – This was $425,000 in one time funding from the city dedicated to the inauguration of the Convention Center addition in 2002.

- **GMCVA Non-profit Donations Pass-Through** – The GMCVA operates a non-profit 501c3 called the Minneapolis Convention Fund for receiving private contributions for City events. This non-profit allows contributors to legally qualify for a tax deduction. The non-profit initiates the donations. Receipts collected are transferred to City funds and paid back out to the GMCVA which is required to use the money for a dedicated purpose. Council action is required each year in accordance with tax law, first to accept the donations and second to appropriate money to pay the funds back to the GMCVA.

- **Non-City Revenue** – This item includes revenue from in-kind contributions, memberships, advertising, registration booths, commissions, the Information Center, Trolley, and Programs & Miscellaneous.

EXPENSES	2002	2002	2003	2003	2004	2005	2004-05
	ADOPTED BUDGET	ACTUAL*	ADOPTED BUDGET	ACTUAL*	ADOPTED BUDGET	ADOPTED BUDGET	VARIANCE
CONVENTION SALES	1,443,500	2,069,539	1,671,150	2,078,910	1,542,500	2,013,825	471,325
MCC SALES	449,000	451,853	382,000	440,975	531,000	578,000	47,000
MARKETING	2,203,131	2,674,692	2,008,000	2,423,117	1,972,500	2,126,800	154,300
TOURISM	623,629	744,217	642,400	737,017	635,375	737,000	101,625
SERVICES	711,070	853,895	702,300	873,866	547,000	894,000	347,000
ORGANIZATIONAL GENERAL	1,263,400	0	1,295,000	0	1,167,655	1,135,055	(32,600)
VISITOR INFO CENTER	237,700	528,054	247,500	238,237	351,692	277,500	(74,192)
PUBLICATIONS/ ADVERTISING	206,000	245,235	213,750	241,733	208,000	224,000	16,000

MEMBERSHIPS	251,520	263,323	285,300	301,063	275,100	278,200	3,100
ADMINISTRATION	800,500	1,290,390	921,000	1,097,406	890,000	742,200	(147,800)
MSM	207,900	218,078	313,600	205,909	299,000	0	(299,000)
ASAE 2004	0	0	0	0	810,000	0	(810,000)
TOTAL EXPENSES	**$8,397,350**	**$9,339,276**	**$8,682,000**	**$8,638,233**	**$9,229,822**	**$9,006,580**	**$(223,242)**

*Actual numbers obtained from GMCVA's audited financial statements.

- **MSM** – Meeting Service Minnesota was a project started in 2002 that was absorbed by the Services Department in 2004. It was intended to assist groups in meeting planning.

- **ASAE Convention** – The American Society of Association Executives Convention was held at the Minneapolis Convention Center in 2004.

GMCVA RESERVE FUND					
	2001	**2002**	**2003**	**Estimate 2004**	**Estimate 2005**
Reserve Transfers	0	(21,677)	377,116	(850,000)	0
GMCVA End of Year Reserve Fund Balance	*$765,054	*$743,377	*$1,120,493	$270,493	$270,493

* Actual numbers obtained from GMCVA audited financial statements.

MAYOR'S RECOMMENDED BUDGET & ADOPTED BUDGET

The Mayor recommended a $100,000 reduction in the GMCVA's contract and requested that the GMCVA pay $350,000 in downtown police costs. The Council restored the $100,000 to the contract and did not adopt the proposal that GMCVA pay $350,000 for downtown police costs. In addition, the Mayor recommended that $100,000 previously used for Minneapolis Unwrapped and Riverfront Neighborhood Marketing programs be redirected to a Request for Proposal process for Neighborhood groups for neighborhood tourism-related marketing. The Council concurred with this recommendation.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY

Mission Statement:

The mission of the Minneapolis Public Housing Authority (MPHA) is to promote and deliver quality, well-managed homes to a diverse low-income population, and as a valued partner, contribute to the well-being of the individuals, families and community we serve.

Financial Analysis:

City Funding	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget
Tax Levy	$1,000,000	$1,040,000	$1,081,600	$1,124,864
CDBG Rehab	$313,000	$313,000	$313,000	$313,000
CDBG Citizen Participation	$98,000	$98,000	$98,000	$98,000
PILOT	$192,388	$260,220	$337,860	$308,000

Sources & Uses	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget
Sources:				
Tax Levy	$970,000	$1,008,800	$1,049,152	$1,091,000
CDBG Rehab	$313,000	$313,000	$313,000	$313,000
CDBG Citizen Participation	$98,000	$98,000	$98,000	$98,000
PILOT	$192,388	$260,220	$337,860	$308,000
Uses:				
Security Services	$1,475,388	$1,582,020	$1,700,012	$1,712,000
Citizen Participation	$98,000	$98,000	$98,000	$98,000

- ***Tax Levy*** – MPHA is classified as an independent board. It receives a 4% increase as a result of city tax policy set by the Board of Estimate and Taxation. The Approved Tax Levy reflects a 98% collection rate as presented in City Budget Requests.

- ***CDBG*** – Distribution of federal CDBG dollars is determined during the budget process by the City Council and Mayor. Citizen Participation funds are CDBG administrative grant dollars. Rehab capital is from CDBG capital grant dollars. Funding provided for CDBG Rehab will enable MPHA to reallocate a like amount of federal funding for high-rise building security purposes. This presentation illustrates the ultimate intended purpose of these funds.

- ***PILOT*** – According to State Statute, MPHA is exempt from real and personal property taxes, but through the Cooperation Agreement with the City, MPHA is required to make payment in lieu of taxes. The City has agreed to reduce MPHA's PILOT by 50% since the inception of the High-rise Security Program. MPHA uses the savings to help fund Security Services. The City's total revenue has been reduced since the Cooperation Agreement. It is not separately budgeted as a cost to the City.

- ***CITY SERVICES*** - MPHA operates on a pay-as-you-go basis for City services utilized. The 2005 budget included $63,600 for benefits administration which was centrally budgeted in the

past. It also included $35,000 to begin phasing in General Fund overhead charges. If charges are phased in over 5 years, MPHA's General Fund annual overhead charges are estimated to be $81,000.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	**330.00**	**327.00**	**309.00**	**304.00**	**-1.62%**	**(5.00)**

NEIGHBORHOOD REVITALIZATION PROGRAM

Mission Statement:

The mission of the Minneapolis Neighborhood Revitalization Program (NRP) is to preserve and enhance the private and public infrastructure, public health and safety, economic vitality, sense of community and social environment within the neighborhoods of the City of Minneapolis. Its goal is to improve the quality of life and livability in the City of Minneapolis by revitalizing its neighborhoods and making them better places to live, work, learn and play.

Primary Businesses:

- Assist neighborhoods with the development of Neighborhood Action Plans.
- Review, modify and approve Neighborhood Action Plans prepared by neighborhoods.
- Coordinate governmental and private efforts in the development and implementation of Neighborhood Action Plans.
- Include resident directed decision making and resident based planning in all aspects of NRP.
- Monitor and evaluate implementation of Neighborhood Action Plan strategies.

Key Trends and Challenges Impacting NRP:

Trends:

Neighborhoods in the city have improved greatly since NRP was initiated in 1990. The investment of NRP resources during the first ten years helped reverse years of neglect and decline in neighborhoods and provided resources that were used to leverage investments by other public and private sources. In Elliot Park alone, the neighborhood's investment of $ 4.4 million from NRP leveraged over $ 151 million in other public and private investment in that neighborhood. As improvement has occurred, however, the perceptions of need and the urgency attached to continuing this investment program have changed.

State tax law changes adopted in 2001 and a more negative public attitude toward government have greatly reduced the revenues available to NRP for Phase II. Government in general has had to cope with having fewer resources to provide the same or greater levels of service that meet the continually changing needs of residents, businesses and neighborhoods. As the city's housing stock and infrastructure ages, continuing reinvestment is needed to make the neighborhoods and the city attractive to current and potential residents.

The population of the city has grown less than 4% over the past 20 years but the composition of that population has changed significantly. The senior population in the city declined by almost 30% between 1990 and 2000 and the population under 5 years of age declined by 7%. The growth in population that occurred between 1990 and 2000 was in the 5-24 and 45-64 age brackets. These demographic changes, and the growth in the minority and new American populations, affect the investment needs in neighborhoods.

In Phase I a major effort was made to organize every neighborhood to facilitate development of their Neighborhood Action Plans. The reduced resources of NRP in Phase II and the limited

private support for the operating needs of neighborhood organizations will threaten the continued existence of this infrastructure.

Challenges:

Challenge 1 - Creating renewed interest and commitment.

Phase II was initially planned to begin in 2001. With the changes adopted by the legislature in 2001 the program had to place implementation of Phase II on hold. Residents and neighborhoods that had expected to move into Phase II as they completed their Phase I plans were forced to wait and uncertainty about resource availability led to questions about city commitment, the value of resident based planning and the interest in citizen engagement. As the time required to answer the questions about future revenues grew longer, residents turned to other areas of interest, neighborhoods lost volunteers, projects were placed on hold and questions were raised about whether there would even be a Phase II. Adoption of the revised Chapter 419 of the Minneapolis City Ordinances in August 2003 and the March 2004 calculation of the Common Project revenue stream removed some of this uncertainty. Residents and neighborhoods now need to be encouraged to recommit to their neighborhood and the city based on this commitment to NRP.

Challenge 2 - Fewer resources.

The funding available for Phase II has changed dramatically. In June 2000, as NRP was about to begin its second decade, it was projected, based on the legislation establishing NRP, the city ordinance implementing the program and the revenues anticipated from the tax increment districts in the Common Project, that approximately $180 million would be available for Phase II. With the legislative changes enacted in 2001 and the negotiations on the Brookfield loans, the revenues available from the Common Project dropped to less than $ 85 million. With the need to focus most of these revenues on meeting the legislated housing investment goal of the program, neighborhood opportunities for meeting resident needs have been greatly reduced. Obtaining resident participation and maintaining organizational commitments will be more difficult and the opportunity to leverage NRP resources will be adversely affected.

Challenge 3 - Working with government.

In Phase I, NRP resources often encouraged jurisdiction and department participation with neighborhoods. Government interest in neighborhood priorities was often driven by the funds neighborhoods had available to support neighborhood improvement projects. NRP funds bought residents and neighborhoods a place at the table. With the reduced revenues available and the need to invest heavily in housing, neighborhood ability to leverage government support for meeting their priorities may decline.

Challenge 4 - Determining NRP's future.

NRP's revenue stream officially ends in 2009. After that date, there is no commitment to any future investment in neighborhood improvement. A deliberate discussion needs to occur about the impact this will have on neighborhoods. If there is no impact, no action is needed and the program should expend its available resources according to approved Neighborhood Action Plans and be terminated. If there is support for continuation, the form and structure of that continuation needs to be decided before 2009.

Financial Analysis:

EXPENDITURE

The Neighborhood Revitalization Program's 2005 budget of $1.5 million reflects a 6% increase in expenditures from the 2004 Adopted Budget. The Professional Services accounts for 33% of the budget and NRP's staffing level is reduced to 11 total positions.

The NRP budget includes $2,300 in charges for benefits administration which were centrally budgeted in the past. The NRP has no General Fund overhead charge in 2005. If charges are phased in over five years, the NRP's General Fund annual overhead charges are estimated to be $66,500.

REVENUE

NRP revenue for 2005 is $1.5 million or a 15% decrease in revenues for 2005.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

NEIGHBORHOOD REVITALIZATION PROGRAM - ADMINISTRATION
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	**13.00**	**12.00**	**12.00**	**11.00**	**-8.33%**	**(1.00)**

YOUTH COORDINATING BOARD

Mission:

The Minneapolis Youth Coordinating Board is an intergovernmental organization dedicated to promoting the healthy, comprehensive development of Minneapolis children and youth ages 0-20 through collaborative action and policy alignment.

Financial Analysis:

REVENUES	2002	2003	2004	2005	2004-2005
	ACTUAL	ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	VARIANCE
Federal Funds	991,246	1,534,515	403,162	667,376	264,214
State Funds	441,146	105,911	0	0	0
County Funds	2,462,426	2,296,442	2,084,039	2,037,250	(46,789)
City Funds	**807,667**	**515,718**	**399,000**	**399,000**	**0**
Other Local Gov't Funds	702,536	532,897	65,360	65,360	0
Interest Revenue	120,703	22,820	50,000	23,000	(27,000)
Rental Revenue	91,483	62,246	0	0	0
Private Sources	353,019	473,699	131,317	305,000	173,683
Other Miscellaneous Revenues	5,770	2,073	25,000	102,500	77,500
Transfer Within Special Revenue Funds	0	0	0	33,650	33,650
Total Revenue	5,975,996	5,546,321	3,157,878	3,633,136	475,258

EXPENSES	2002	2003	2004	2005	2004-2005
	ACTUAL	ACTUAL	ADOPTED BUDGET	ADOPTED BUDGET	VARIANCE
Personnel Services	1,640,848	1,133,994	413,250	315,000	(98,250)
Contractual Services	3,801,240	4,005,714	2,646,617	3,147,776	501,159
Advertising/Publication	22,589	13,493	5,000	26,000	21,000
Equipment	12,405	12,331	0	0	0
Office Supplies and Reproduction	38,771	48,863	6,500	12,000	5,500
Postage and Delivery Charges	11,937	12,748	5,500	11,700	6,200
Staff Development and Travel	96,503	16,803	10,500	12,630	2,130
Rent, Maintenance, Utilities, and Insurance	161,685	222,952	16,000	24,000	8,000
Other Services and Charges	86,361	58,351	54,511	37,880	(16,631)
Intrafund Transfer	0	0	0	46,150	46,150
Total Expenditures	5,872,339	5,525,249	3,157,878	3,633,136	475,258

- **City Funds** – The Youth in Minneapolis After School Program (YMAP) receives $350,000 in City funds. The City also pays $49,000 every year for the Joint Powers agreement that forms the Youth Coordinating Board.

- The 2005 expense budget for YCB includes $900 for benefits administration. The YCB has no General Fund overhead charge in 2005. If charges are phased in over 5 years, YCB's General Fund annual overhead charges are estimated to be $72,000.

- The Council moved a 0.5 position from YCB to Health and Family Support for youth development.

YOUTH COORDINATING BOARD
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	7.00	7.00	4.50	4.50	0.00%	-
Youth Initiatives	7.20	1.00	-	-	-	-
Way to Grow	6.00	3.50	-	-	-	-
Minneapolis Redesign	7.70	4.00	-	-	-	-
Father Project	9.00	8.50	-	-	-	-
Special Grants	2.50	2.50	-	-	-	-
Total FTE's	**39.40**	**26.50**	**4.50**	**4.50**	**0.00%**	**-**