

This Page Intentionally Left Blank



January 2006

LETTER OF TRANSMITTAL

Dear Citizens of the City of Minneapolis:

We are pleased to present the 2006 Adopted Budget of the City of Minneapolis.

The 2006 Adopted Budget builds on many of the significant organizational and financial changes that have occurred in recent years:

- Continued commitment to long-term financial planning and business planning
- Responsible allocation of one-time funds, especially the \$7.3 million one-time increase in Local Government Aid from the State of Minnesota
- Increased resources for public safety, including 71 additional police officers and the elimination of planned reductions for both police and fire
- Strategies related to the City's pension obligations, including using \$10 million in one-time funds to address these liabilities

The Financial Overview, which follows this Letter of Transmittal, provides details on the City's continued fiscal discipline and financial planning efforts.

Respectfully Submitted,

A large, stylized signature of R.T. Rybak, consisting of a large, sweeping 'R' followed by 'T. Rybak' in a cursive script.

R.T. Rybak
Mayor

A cursive signature of Barbara Johnson, written in black ink.

Barbara Johnson
Council President, 2006
Chair, Ways and Means, 2005

A cursive signature of Paul Ostrow, written in black ink.

Paul Ostrow
Chair, Ways and Means, 2006
Council President, 2005

**City of Minneapolis
2006 Adopted Budget**

**Financial Overview
Prepared by the City of Minneapolis Finance Department**

The 2006 Council Adopted Budget for all City funds represents a 5.8 percent increase in spending from the 2005 Adopted Budget, from approximately \$1.17 billion to \$1.24 billion.

When including transfer expense between City funds, the total Council Adopted Budget is \$1.3 billion. This represents an increase of \$74 million, or 5.8 percent.

Major Highlights

The 2006 Council Adopted Budget builds on many of the significant organizational and financial changes that have occurred in recent years. It is important to be aware of these major changes when making comparisons between budget years.

The major changes include:

- **The Adopted Budget maintains the financial discipline of the 8 percent property tax levy and the 2 percent limit on wage growth for all unsettled labor contracts.** This sets the parameters for the level of spending for all departments in the five-year financial direction. Ongoing budget pressures make this continued financial discipline critically important.
- **The Adopted Budget reflects an increase to Local Government Aid.** The City of Minneapolis LGA total for 2006 is \$93,950,000. With the close of the state legislative session, the City's Local Government Aid (LGA) increased \$15.4 million over the anticipated levels. Of this amount, \$7.3 million is anticipated to continue beyond 2006.

As a result of the agreed upon distribution of LGA between the independent boards and the City departments, the City's General Fund received 80 percent of this increase. The General Fund will receive a \$5.85 million increase in LGA on an ongoing basis and \$6.45 million in one-time LGA. The Adopted Budget uses this \$6.45 million in one-time LGA to reduce ongoing pension debt.

Beginning in 2007, the City is assumed to receive a reduction of LGA of \$1.4 million each year as a result of how the City's need factors compare to the need factors of other cities in the state. This equates to \$1.1 million fewer resources in the General Fund annually, as well as smaller reductions to the Park and Library board budgets.

- **The Adopted Budget plan from 2007 to 2011 contains updates to department resources.** The Adopted Budget's five-year financial plan has been updated to reflect the elimination of reductions to growth in the following departments: Police, Fire, Health and Family Support, and Civil Rights. Further, the Public Works growth estimates and

reductions are adjusted to better represent how elimination of the infrastructure gap program in the financial direction has been reflected in the budgets established since adoption.

- **The City's pension outlook in the financial plan reflects State law.** The beneficial effects of legislative changes on pension payments to the Minneapolis Police Relief Association are reflected in the financial direction. The direction also includes increased costs related to the phase in of new contribution rates to the Public Employee's Retirement Association for the City's active employees hired since 1980.

Legislation related to non-sworn employee pensions for general City staff hired prior to 1980 did not pass in the legislative session. This legislation would have significantly helped the timing of the City's obligations to the Minneapolis Employee Retirement Fund (MERF). The beneficial effects of this legislation are not included in the 2007-11 plan.

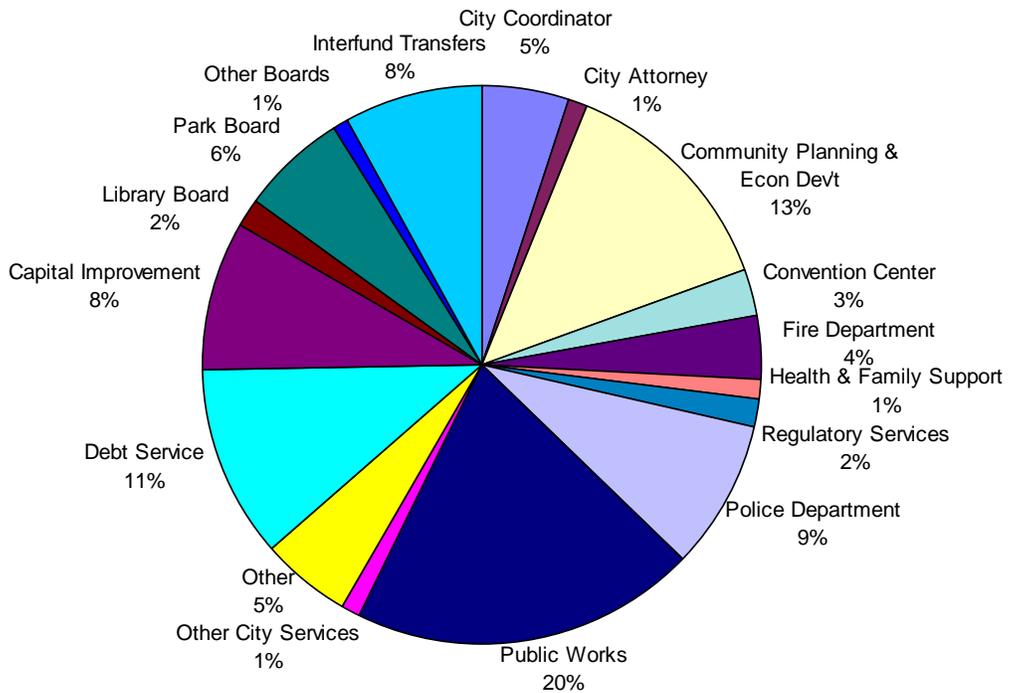
The City may face significant increased payments to the Minneapolis Teachers' Retirement Association. Legislation to address the financial situation of this fund, with increased costs shared by the State, School District and the City, did not pass in the 2005 session. The effects of this legislation are not included in the 2007-11 plan.

- **One-time LGA funds and General Fund revenues are budgeted to reduce ongoing pension liabilities.** Approximately \$6.5 million in one-time LGA and \$3.5 million in one-time General Fund revenues will reduce the need to issue pension bonds, resulting in approximately \$1 million in annual debt service savings for 15 years.
- **The 2006 Adopted Budget moves the Traffic Control Division of Regulatory Services to the Police Department.** Approximately \$2.8 million in expenditures, and a like amount of revenue, will move from the Parking Fund to the General Fund to cover the costs associated with the Division and its 71 positions.

City Spending

Below is a summary of the 2006 Adopted Budget by major spending categories, which includes transfers between funds and the independent boards.

City of Minneapolis Total Expense Budget - Use of Funds 2006 Council Adopted Budget \$1.3 billion



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

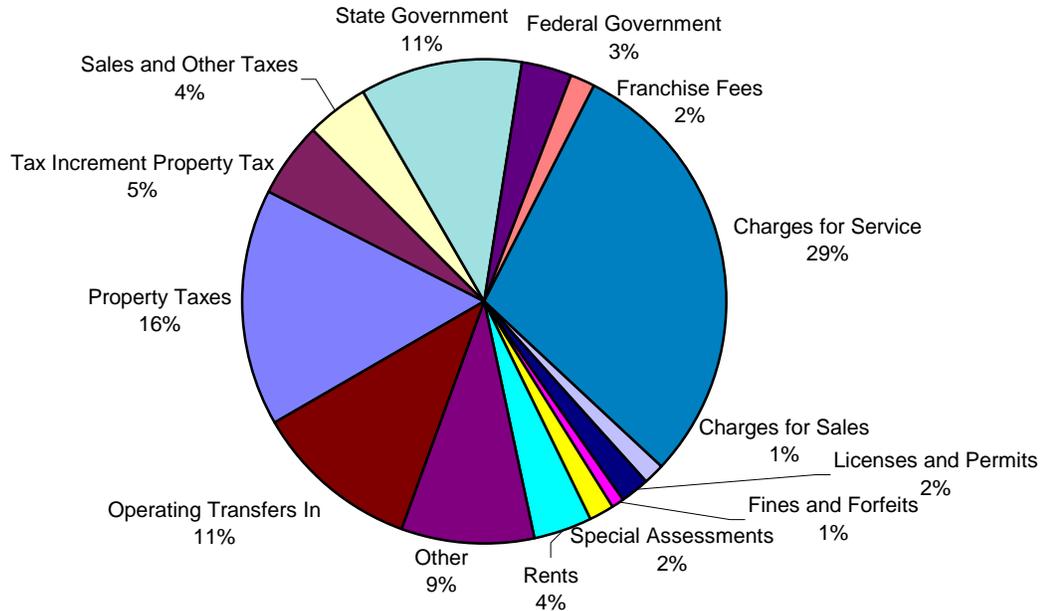
	2005 Adopted Budget	2006 Adopted Budget
City Coordinator (excluding Regulatory Services)	59.3	68.1
City Attorney	11.9	12.6
Community Planning and Economic Development	163.0	180.8
Convention Center	33.8	35.9
Fire	45.2	50.5
Health and Family Support	12.9	12.9
Regulatory Services	24.3	25.4
Police	102.5	115.5
Public Works - Field Services	28.8	29.2
Public Works - Sewer, Stormwater, Flood Mitigation	43.3	43.9
Public Works - Solid Waste and Recycling	26.5	27.8
Public Works - Transportation	54.5	53.4
Public Works - Water Treatment and Distribution	43.3	43.3
Public Works - Other (includes Internal Services)	70.4	71.0
Public Works Subtotal	267.0	268.6
Other City Services	13.6	14.1
Other	71.2	70.3
Debt Service (including Enterprise Funds)	155.1	150.0
Capital Improvement (including Enterprise Fund capital)	99.1	114.9
Subtotal	\$ 1,059.0	\$ 1,119.6
Independent Boards:		
Library Board	19.8	22.0
Park Board	78.8	83.8
Youth Coordinating Board	3.8	2.5
Other Boards	8.9	10.1
Subtotal	\$ 111.3	\$ 118.4
Total Expenditures (without Transfers)	\$ 1,170.3	\$ 1,238.0
Transfers to other funds	100.6	106.7
Total Expenditures with Transfers	\$ 1,270.9	\$ 1,344.7

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

City Sources of Revenue

Below is a summary of the 2006 Adopted Budget revenues by major category.

**City of Minneapolis
Total City Revenue Budget - Source of Funds
2006 Council Adopted Budget
\$1.3 billion**



In 2006, the City of Minneapolis projects \$1.3 billion in revenue from a variety of sources. It is important to note that many of the City's revenues sources are restricted revenue, meaning they are required to be spent in defined areas or on specific programs or projects. This limits the City's ability to apply the revenue to other departments or programs. For example, the City cannot use revenue from fees that it charges for services to fund general government services, such as police and fire services. The City charges fees for water, sewer, and garbage pick-up, but State law requires that these fees be no higher than the cost of providing those services. For example, the City cannot raise water bills to pay for Citywide police services.

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

Franchise fees are paid by various utility companies for their use of City rights-of-way. Franchise fees are a percentage of total utility revenues. Therefore, the City's collections vary directly with the paying utility's gross revenues.

There are four franchise agreements which provide revenue for the City:

The twenty year franchise agreement with Xcel Energy for electricity requires payment of 5% of gross revenues for residential service customers, 3% of gross revenues for commercial and industrial customers, and 5% of gross revenues on small commercial and industrial customers. This franchise agreement expires on December 31, 2014. For 2006, the City is anticipating \$11.5 million in revenues from this franchise agreement. Xcel does not provide natural gas services in the City of Minneapolis.

The franchise agreement with Center Point Energy/Minnegasco requires payment of 4.25% of gross revenues for residential buildings with four units or less, 5% for small commercial/ industrial/firm or interruptible customers, and 3% for large volume interruptible customers. This franchise agreement expires on December 31, 2015. For 2006, the City is anticipating \$8.5 million in revenues from this franchise agreement.

The City also has two smaller franchises: the bus stop advertising franchise generates approximately \$100,000 in revenues. The City's cable franchise is anticipated to generate \$2.3 million from cable television service in 2006.

The 2006 Adopted Budget anticipates the total franchise fee revenue to remain fairly level with the 2005 Adopted Budget, at \$22.3 million.

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

	2005 Adopted Budget	2006 Adopted Budget
Property Taxes ¹	196.4	210.9
Tax Increment Property Tax	68.9	67.9
Sales and Other Taxes	51.2	55.2
State Government	119.8	142.3
Local Government	9.5	5.9
Federal Government	52.2	46.4
Franchise Fees	22.1	22.3
Charges for Service	376.7	391.6
Charges for Sales	22.5	19.0
Licenses and Permits	23.5	25.9
Fines and Forfeitures	9.7	11.3
Special Assessments	21.3	20.7
Interest Income	3.3	2.9
Rents	52.2	53.4
Other ²	79.6	108.9
Subtotal	\$ 1,108.9	\$ 1,184.6
Transfers from Other Funds	139.9	147.6
Total Revenues³	\$ 1,248.8	\$ 1,332.2

City Budget by Fund

The City uses different “funds” to account for expense and revenue associated with the various services provided. The **General Fund**, where most property tax supported services are accounted for, represents 24 percent of the 2006 Adopted Budget, as compared to 23 percent in 2005.

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

Internal Services Funds are similar to Enterprise Funds in that they are used to account for business-like services that the City provides. However, Internal Service Funds’ primary customer is other City departments. Internal services include such services as information technology, equipment rental (e.g., police squad cars and fire equipment), facility

¹ Property taxes are budgeted at 98 percent of the gross levy to reflect anticipated delinquencies.

² Other includes gains, contributions, other miscellaneous revenues, and proceeds from long-term liabilities.

³ Total expenditures exceed total revenue, which represents the annual budgeted change in fund balance. The change in fund balance is mostly due to timing of capital projects and bond issuance.

fees and self-insurance.

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

The **Independent Boards** include the Board of Estimate and Taxation, Library, Park, Minneapolis Public Housing Authority, Neighborhood Revitalization Program, Municipal Building Commission, and Youth Coordinating Board.

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

	2005 Adopted Budget	2006 Adopted Budget	2006 as % of Total
Expenditures:			
General Fund	291.3	318.4	23.7%
Enterprise Fund	272.6	280.0	20.8%
Internal Service Fund	167.3	174.4	13.0%
Special Revenue Fund	171.4	183.0	13.6%
Capital Projects Fund	132.6	152.4	11.3%
Debt Service Funds	124.3	118.0	8.8%
Independent Board Funds	111.4	118.5	8.8%
	\$1,270.9	\$1,344.7	100.0%
Revenues:			
General Fund	285.8	318.5	23.9%
Enterprise Fund	270.2	277.6	20.8%
Internal Service Fund	168.4	173.2	13.0%
Special Revenue Fund	158.1	191.8	14.4%
Capital Projects Fund	140.9	140.8	10.7%
Debt Service Funds	114.9	112.4	8.4%
Independent Board Funds	110.5	117.9	8.8%
	\$1,248.8	\$1,332.2	100.0%
Changes in Balances	(\$22.1)	(\$12.5)	

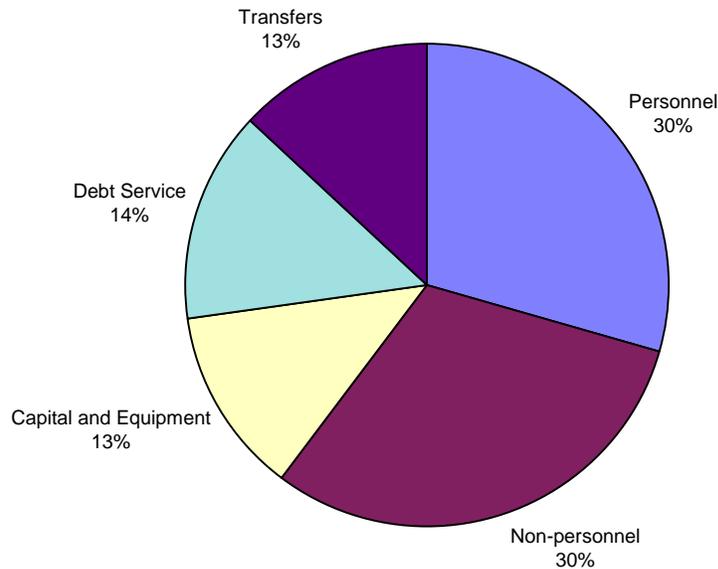
Spending by Major Categories

A significant amount of the City's budget is spent on personnel, \$398 million or nearly 30 percent of the total budget. The 2006 Adopted Budget includes an increase of 121 budgeted full-time equivalent positions; this represents a 2 percent increase. The independent boards are included in these figures.

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

	2005 Adopted Budget	2006 Adopted Budget
Full Time Equivalent Positions	5,515	5,636
Expenditures:		
Personnel	373.8	397.6
Non-personnel	405.9	414.6
Capital and Equipment	136.3	168.2
Debt Service	193.3	189.3
Transfers	161.6	175.0
Total Expenditures	\$1,270.9	\$1,344.7

**City of Minneapolis
Total City Budget - Expenditures by Category
2006 Council Adopted Budget
\$1.3 billion**



Major Budget Pressures: City Council Funds

➤ **Growth in personnel costs**

Salary and Wages. The 2006 Adopted Budget includes an increase in total personnel expenditures from \$373.8 million to \$397.6 million; this represents a 6.4 percent increase from the 2005 Adopted Budget. For City positions, not including the Park and Library Boards, growth in salary and wages are budgeted at 2 percent for bargaining units without settled labor contracts.

Benefits. Health and dental insurance expenditures are budgeted to increase by 21 percent from the 2005 Adopted Budget, from \$36.2 million to \$43.7 million. This change reflects both changes in premium expense (estimated at 20% for health and 4% for dental) and changes in coverage, for example, changes between family and single coverage and new positions.

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

During the 1990's, due to other external demands, the revenue to support these internal services did not keep pace with the growth in expenditures. Significant negative cash balances resulted because of annual expenses exceeding revenues. At year-end 2004, the City's Internal Services Funds had combined negative net assets of \$29 million, as compared to a negative \$34 million in 2003. While the balance is still negative, the position of the funds is showing marked improvement over the 2000 net asset deficit of \$54 million.

The 2006 Adopted Budget includes an additional \$3.9 million in funding for internal City services: self insurance, equipment services and information technology services (e.g., workers compensation, general liability, squad cars, fire trucks and computers). The adopted financial workout plans for the Internal Services Funds will result in positive net assets and cash balances for these funds over the next few years. The 2006 Adopted Budget will meet the financial goals of the three adopted plans.

➤ **Parking Fund Financial Plan**

The 2006 Adopted Budget reduces the General Fund transfer from the City's Municipal Parking Fund by \$1 million. This decrease is in line with the adopted Parking Fund financial plan, which was developed to address the cash deficits within the fund. The Council also increases the transfer from the Convention Center Fund to the Parking Fund by \$1 million.

➤ **Funding for Physical Infrastructure**

Property Tax Supported – Public Works: The 2006 Adopted Budget includes \$27.0 million in property tax supported funding for Public Works capital. Below is a summary of the 2006 -2010 property tax supported funding for the Public Works infrastructure program, including Park related improvements mentioned below.

Property Tax Supported Capital for Public Works (in millions)

	2006	2007	2008	2009	2010
Mayor Recommended Funding	\$16.0	\$12.4	\$11.0	\$12.1	\$13.3
Council Adopted Funding	<u>\$27.0</u>	<u>\$8.0</u>	<u>\$7.7</u>	<u>\$9.3</u>	<u>\$13.5</u>
Council Change	\$11.0	\$(4.4)	\$(3.3)	\$(2.8)	\$0.2

Note: The Council change was primarily due to shifting \$11 million of resources for the Hiawatha Facility project from 2007–2009 to 2006.

Property Tax Supported - Park Board: The 2006 Adopted Budget includes \$2.0 million in property tax supported funding for Park Board capital projects and \$0.7 million in the Public Work’s capital budget for Parkway Paving and Parkway Street Lighting. Below is a summary of the 2006 – 2010 property tax supported funding for Park Board capital. The amounts include a Park Board capital levy, which has been increasing by \$215,000 each year since 2003. The levy reaches a maximum of \$1.5 million in 2009.

Property Tax Supported Capital for Park Board (in millions)

	2006	2007	2008	2009	2010
Parkway Street Lighting–Public Works	\$0.3	\$.2	\$.3	\$.2	\$.1
Parkway Paving – Public Works	\$0.4	\$.7	\$.5	\$.7	\$1.2
Park Board Capital Requests	\$2.0	\$2.0	\$2.0	\$1.6	\$2.3
Total Park Board Improvements	\$2.7	\$2.9	\$2.8	\$2.5	\$3.6

Utility Fee Supported Capital: The 2006–2010 budget includes funding for additional water and sewer related infrastructure expenditures. The rate of capital spending on Water and Sewer capital improvements is being managed to allow for lower water and sanitary sewer rate increases in 2009 & 2010 than had previously been planned and a zero percent increase in Stormwater rates in 2009 & 2010. This budget continues the City’s commitment to closing the infrastructure “gap” for water and sewer services. The water and sewer five-year utility rate schedule approved as part of this budget reflects this planned investment.

The Council Adopted Budget also decreases funds available for the Affordable Ownership Combined program by \$1 million and creates a program entitled “Capital Acquisition Revolving Fund” by appropriating \$1 million into a revolving fund for this purpose.

➤ **Funding for increasing pension liabilities**

Minneapolis Employee’s Retirement Fund (MERF): The City began issuing general obligation (pension) bonds in December of 2002 to cover the estimated cost of MERF retirements; additional bonds were issued in 2003 and 2004. The 2006 Adopted Budget includes the funds necessary to make the debt service payments associated with these bonds. The 2006 contribution to the MERF plan is anticipated to be approximately \$7 million; this will be financed through the property tax levy and the budgets of departments with employees in the MERF pension plan.

Minneapolis Police Relief Association (MPRA): Legislation passed during the 2005 legislative session extended the amount of time the City has to fully fund this plan’s liabilities by ten years. The addition of ten years to the amount of time that the City has to fund the plan will result in the City making contributions at a lower annual level, but for a longer period of time. The 2006 contribution is expected to be approximately \$5.4 million, which will be funded through the property tax levy and the use of one-time funds from the 2004 budget.

Minneapolis Fire Relief Association (MFRA): In 2005, the City resumed contributions to the MFRA. Another of the City’s closed pension funds, the MFRA was previously 100 percent funded, which meant that the City did not need to make annual contributions. Poor

investment performance reduced the funding level for the MFRA and, as a result, the City made a \$5 million contribution in 2005. The 2006 contribution is approximately \$1.4 million. This contribution will be funded by the City's property tax levy.

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

The first of several years of major increases in the property tax levy to fund the new central library and community libraries, as approved by the voters, began in 2003. For 2006, the property tax levy amount will be approximately \$8.1 million. This levy amount will increase by approximately \$2.0 million in 2007, at which time the base annual property tax levy for payment on the referendum bonds reaches \$10 million.

Enterprise Challenges

In the course of the City's annual business and strategic planning process, City departments review and document the most significant trends and challenges affecting their work. While some of these issues are very specific to department business, several enterprise-wide themes emerge. A digest of enterprise challenges is presented below:

Demographic Changes

Diversity of City residents (minority and immigrant populations) is growing faster than any other city in Minnesota. Minorities make up 29 percent of adults aged 18-64 years. Foreign-born residents have increased 2.5 times since 1990, posing language barrier challenges for all departments that touch the public directly. Nearly all departments note a need for improved focus on providing service to limited-English proficient residents. Minneapolis over-age-65 population is also increasing. An increase in our older population may pose additional health and accessibility challenges in the future.

Technological Complexity and Increased Demand for Technological Solutions

Departments note an increased technological savvy of customers, and as a result, increased demand of technological approaches to customer service. In addition, in order to provide competitive service to customers, technological needs have become more complex and demanding. This translates in to additional costs for new equipment and in particular, increased maintenance costs. Examples include the new Computer-Aided Dispatch system, which could require significant maintenance costs (18-20% of software license costs.) Also, assistive voting technology enhancements will likely need to be maintained by the City, the full financial impact of which is not yet known. Other examples include increased use of cameras in law enforcement, and a drive toward enterprise-wide technologies for use in business process re-engineering.

Regulatory Complexity / Unfunded Mandates

Departments have noted increased complexity of protocols and regulations at many levels. Civil Rights notes increased complexity of investigation protocols. Regulatory Services cites state codes, protocols, and building standards that are placing additional strains on the workload of inspectors. The City Clerk notes additional election requirements as a result of the 2002 Federal Help America Vote Act. Additionally, public safety departments face legislative-directed or nationally developed standards, training, or operating procedures. Departments indicate a need for increased and improved employee training, possibly placing short-term strain on productivity, to address these complexities.

Reliance on Tenuous Inter-Governmental Funding

Reliance on tenuous funding from state and federal entities for some important City programs complicates the management and planning for these programs, and for the outcomes they hope to achieve. Federal support for Community Development Block Grant and Empowerment Zone funding was threatened this past year, placing programs that rely on this funding in jeopardy. Local Law Enforcement Block Grant funding, used in part to fund positions in the City Attorney's office, is unpredictable. Local Government Aid from the state has been unpredictable, reduced by \$150 million statewide. The uncertainty that surrounds these funds drains time and energy of City managers from administering programs to the best outcomes possible.

Health programs have also faced state and federal cuts recently. Medicare eligibility cuts, State of Minnesota public health care cuts, and reduced funding in early childhood and youth development affects the ability of City departments to project the health of residents. Finally, Health and Family Services has noted that ideology, not science, have been more strongly influencing funding decisions for health programs.

Homeland Security

Ensuring adequate physical security, health security, electronic security (prevention of viruses, worms, and other system security threats), information backups, and emergency planning consumes resources of nearly every department. Departments continue to build and strengthen relationships with other governmental entities to maximize the effectiveness of security planning.

City Workforce Trends

Retirement rates are expected to remain at 1 to 2 percent for the next six years, but greatly accelerate after 2011 due to the expected "baby boom" generation reaching retirement age. As employees reach retirement age, the City loses institutional memory and highly skilled personnel.

Health care costs for everyone are expected to increase approximately 20% per year.

Other Trends

The downtown real estate market continues to have an oversupply of office space available due to the weak industrial market from 2003-2004.

Major Changes in the 2006 Adopted Budget

The 2006 Adopted Budget makes the following major changes:

- Five-Year Financial Direction – Reductions to address the five-year plan for the following departments: City Attorney (\$150,000), Business Information Systems (\$200,000), Finance (\$250,000), Civil Rights (\$133,000) and Public Works (\$570,000). Human Resources and 911/311 had budgetary growth below anticipated levels, which allowed them to meet their five-year plan target.
- Five-Year Business Plans - Adopts department five-year business plans as presented during budget hearings before Ways and Means from September 20th-October 19th. Business plans were presented for the following departments and are therefore adopted: Assessor, Attorney, Civil Rights, Clerk/Elections, CPED, Coordinator (including 911/311, BIS, MCC, Finance, HR, IGR, Communications, and Regulatory Services), Fire, Health and Family Support, Police, and Public Works.
- Assessor's Office – The Adopted Budget adds \$50,000 in one-time resources to the Department for training in support of succession planning and updating assessment practices.
- City Attorney's Office – The Adopted Budget includes a reduction to the City Attorney's Office budget of \$150,000, achieved through savings on the Department's lease. The Council added \$200,000 to fund three paralegal positions to support community prosecutors. General fund support for the Domestic Abuse Project (\$75,000) is moved to Health and Family Support.
- City Coordinator/Administration – The results management function moves from Business Information Services to Coordinator Administration. The Results Manager position is eliminated in the Adopted Budget (\$100,000 savings in the BIS Division). The work of the Results Manager will be absorbed by the Coordinator's existing staff.
- City Coordinator/BIS – The Council moves forward one-third of the Department's anticipated cut in 2007 to 2006 (\$200,000). This reduction is accomplished by eliminating the Results Manager position and two other positions in the Adopted Budget (\$100,000 savings). In addition, two City operators move to the Coordinator's 911/311 Department.
- City Coordinator/Communications – The Adopted Budget moves a 0.8 position and \$70,000 from Communications to Civil Rights for sign language interpreter services.

- City Coordinator/911/311 – The Adopted Budget does not include any additional reductions to 911/311. The Department’s budget includes the addition of the One Call/311 initiative (\$2.6 million, funded by revenues from department payments and \$100,000 in one-time transition costs). The breakdown of these costs by department for 2006 is as follows:

Resource Allocation for 311 Call Center

Hours of Operation: 7AM - 11PM, 34 positions

Department	Total	Total
Assessor	\$ 38,000	\$ 38,200
Attorney	\$ 27,000	\$ 26,900
City Clerk	\$ 6,000	\$ 5,600
Civil Rights	\$ 9,000	\$ 9,000
City Coordinator		
BIS (City Operators)	\$ 112,000	\$ 112,000
Communications	\$ 12,000	\$ 11,600
Coordinator's Office	\$ 7,000	\$ 7,200
Finance	\$ 261,000	\$ 260,600
Human Resources	\$ -	\$ -
IGR	\$ -	\$ -
MECC (911/311)	\$ 387,000	\$ 386,800
Regulatory Services	\$ 268,000	\$ 267,600
CPED	\$ 25,000	\$ 24,700
Fire	\$ 25,000	\$ 24,700
Health & Family Support	\$ 45,000	\$ 44,900
Police	\$ 401,000	\$ 400,800
Public Works	\$ 946,000	\$ 946,300
TOTAL	\$2,569,000	\$ 2,566,900

- City Coordinator/Convention Center – The Council’s capital program in the Convention Center is funded at the same level as 2005 (\$3.7 million). The Council also directs the Convention Center to conduct a feasibility study on the Life Sciences initiative. Further, the Council also adopts the transfer of \$1 million to the Parking Fund for operational expenses related to Convention Center ramps.
- GMCVA – The Council adds \$50,000 to the GMCVA contract to fund Sister City efforts.
- City Coordinator/Regulatory Services – One-time funding for the Boarded Building program is included in the Adopted Budget (\$450,000).

The Council also adopts the following new fee initiatives (\$246,000):

- An adjustment to the rental license fees (\$185,000). The fee adjustments keep the City comparable to surrounding jurisdictions and mitigate the impact on owners of small rental properties.
- Indexing the Pollution Control and Erosion Permit fees to inflation (\$35,000).
- Adjusting the Special Event fee to more accurately recover costs (\$26,000).

The Department's training and technology requests are funded on a one-time basis (\$600,000). An intern program and overtime are funded permanently.

The Council moves the Traffic Control division of Regulatory Services to the Police Department (\$2.8 million and 42 positions). These expenditures will be recorded in the General Fund rather than the Parking Fund. Associated meter revenue estimates (\$5.3 million) will also move to the Police Department. The revenues in excess of the meter expense will continue to support the General Fund. The Parking Fund will transfer \$2.8 million to the General Fund. This funding mechanism is consistent with the financial impacts of the parking workout plan.

The Council also adds funding to Regulatory Services for Graffiti removal for \$100,000 paid for from contingency pending year end financial status. This is a one time appropriation and will be considered as part of the reappropriation action during 2006.

- City Coordinator/Intergovernmental Relations Department – The Adopted Budget adds a joint homelessness position with Hennepin County (\$100,000) funded by CDBG grant dollars.
- City Coordinator/Human Resources – The Council Adopted Budget adds 2 investigators funded in the Self Insurance Fund.
- City Coordinator/Finance – The Council decreases positions by 1 to keep in line with the five-year plan.
- Civil Rights – The Council decreases the Department by 2 contract compliance positions and adds a 0.8 position for sign language interpreter services.
- The Adopted Budget includes one-time funding for three initiatives requested by the Department:
 - Language initiatives (\$50,000);
 - Training for appointed advisory groups, the Civil Rights Commission, and Investigative staff (\$100,000);
 - Small and Underutilized Business Program (SUBP) study (\$100,000).
- Community Planning and Economic Development (CPED) – The Adopted Budget includes \$80,000 in revenue from development fee initiatives. One-time funding for non-targeted neighborhood community participation programs is added (\$100,000). An accounting adjustment for the existing funding of this program was made – \$100,000 is shown in the Department budget rather than interfund transfers. The Council adds funding for 2 neighborhood planners (\$150,000), and 1 position (\$100,000) for communications marketing funded by General Fund resources. The Department also plans to reallocate 2 positions within its budget for additional planning resources.
- Fire Department – The Adopted Budget includes no reductions to the Fire Department. A Department request for one-time funding for recruitment expenses is included in the

Adopted Budget (\$80,000). Funding for the City's Community Emergency Response Team (CERT) is added on a one-time basis (\$150,000), with future years' programs funded externally to the City. No further reductions for the Department are included in the updated five-year financial direction as adopted by the Council.

- Health & Family Support – No reductions for the Health and Family Support Department are included in the Adopted Budget. No further reductions for the Department are included in the updated five-year financial direction as adopted by the Council. The Council adds \$75,000 for the Domestic Abuse Project to the Health and Family Support Department on a one time basis. It further directs the Department to develop a strategy for permanent ongoing funding for DAP in its Business Plan in 2006.
- Police Department – The Council added 60 police officers funded from increased LGA and from savings resulting from previous year's debt buy-downs. The total increase to the Department for these officers is \$4.3 million. No reductions are required of the Department in 2006. No further reductions for the Department are included in the updated five-year financial direction as adopted by the Council.

Further, the Adopted Budget includes several initiatives related to traffic control and enforcement:

- The Council adds 11 additional officers specifically dedicated to traffic (\$1 million, offset by \$500,000 in revenues. Revenue estimate based upon past experience in traffic enforcement efforts).
- The Council moves the traffic control division of Regulatory Services to the Department (\$2.8 million and 42 positions). These expenditures will be recorded in the General Fund rather than the Parking Fund; this is a revenue-neutral change. Associated meter revenue estimates (\$5.3 million) will also move to the Police Department. The revenues in excess of the meter expense will continue to support the General Fund. The Parking Fund will transfer \$3.2 million to the General Fund, maintaining the financial effects of how this service has been funded consistent with the Parking Fund workout plan. The Council also adds 3 traffic control agents (\$185,000 with offsetting revenue) to this function.
- One-time funding is adopted by the Council for the Citywide electronic citations system (\$450,000) and the purchase of security cameras (\$350,000) with priority given to projects with local matching funds as approved by the Council. Ongoing operating costs will be funded by the Police Department. One-time revenue in excess of expenses from the red-light camera operations, up to \$180,000, funds the Citywide Electronic Citations system

The Council adds funding for a \$60,000 contract with the Tubman Family Alliance to fund a mental health clinician to support police officers working on domestic violence issues.

- Public Works – The Department transfers 3 positions to the One Call initiative in 2006.

- Public Works/Transportation – The Council’s Adopted Budget includes \$150,000 in increased revenue related to posting of no-parking signs and increased sidewalk closure fees. The Department proposed and the Council adopted a reduction of \$55,000 in this area to meet the five-year financial direction.

One-time revenue in excess of expenses from the red-light camera operations, up to \$120,000 is appropriated to Public Works in 2006 for Speed Control.

The Council appropriates \$300,000 to conduct a study assessing the use of street cars on those corridors designated as Definite Primary Transit Networks (PTN). The Council also adopts a transfer of \$1 million from the Convention Center Fund for operations expenses related to Convention Center ramps.

- Public Works/Field Services – The Council adopted the Department’s proposed reduction of \$515,000 in this division. The Council adds \$350,000 for seal coating.
- Public Works/Property Services – The Council increases the transfer to the property services fund by \$30,000 to fund community center operations. It also adds \$125,000 in one-time start-up funds for centralized energy management with the direction that Public Works convene a cross-departmental work team to define the scope, work and ongoing funding of the position. The position and related expenses will be funded in 2007 and beyond with savings realized through the position’s efforts.
- Public Works/Solid Waste – The Council adds 3 positions to the Clean City program.
- Park Board – The Council adopts \$200,000 in one-time funding for the Park Board’s tree efforts and \$100,000 to the Tree Trust to administer the program.
- General Fund Overhead Model – The Council adjusted the revenue estimates for the City’s General Fund overhead charge as follows:
 - A reduction to the payments from Community Planning and Economic Development Department for communications services (\$75,000);
 - Postponing the implementation of additional charges to the independent boards (\$350,000);
 - Postponing the implementation of additional charges to the grant funded projects, pending inclusion of the overhead rates in future grant requests (\$400,000).
- Pensions – The City’s pension debt will be reduced by \$10 million under the Adopted Budget, funded by \$6.45 million in one time LGA revenues and \$3.55 million in one-time General Fund revenues. This debt reduction will result in approximately \$1 million in savings in future years.

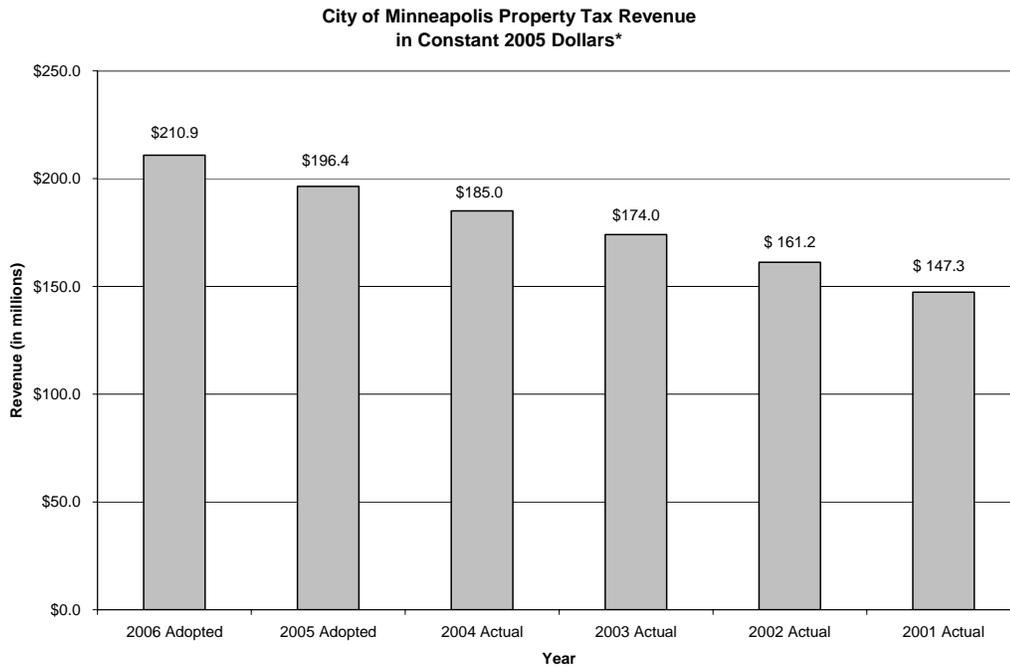
Property Tax and Fee Changes

➤ Property Tax Revenue

The 2006 Adopted Budget includes an estimated property net tax capacity rate of 59.346 percent; this rate is the combined rate for the City, (Board of Estimate and Taxation, Park and Library Boards, and City special levies (Minneapolis Public Housing Authority and Teachers Retirement). The library referendum is a market value based tax of .02645 percent and is not included in the previous number. This estimated net tax capacity rate will provide an additional \$13.8 million in property tax revenue, which is a 7.4 percent increase over the 2005 Adopted Budget. The City's net tax capacity (after reductions for tax increment and fiscal disparities) is projected to increase by 14 percent for taxes payable 2006, from \$295 million to \$336 million.

In addition to the \$13.8 million in property tax revenue increase that is spread over the City's net tax capacity, the City will also need to increase the market value property tax revenue by another \$1.7 million due to the debt service on the voter approved library referendum bonds that have been issued for a new central library and improvements to the City's community libraries.

In total, property tax revenue for the City and its independent boards will increase by 8 percent from 2005 to 2006 or by \$15.5 million, based on the 2006 Council Adopted Budget. This increase is consistent with the Mayor and City Council's adopted property tax policy.



*This revenue chart shows the trend of City revenues adjusted for inflation using the Consumer Price Index (CPI).

➤ **Storm Water, Sanitary Sewer and Water Utility Fees**

To fund investments for the City's sanitary sewer and stormwater management services and water treatment and distribution systems, the 2006 Adopted Budget includes an increase in utility rates of \$0.12/100 cubic feet for water; \$0.10/100 cubic feet for sanitary sewer; and \$0.45/equivalent stormwater unit for stormwater services. This represents a 4.8 percent increase for water fees, a 5% increase for sanitary sewer services, and a 5.16% percent increase for storm water. The monthly charge per residential dwelling for Water is \$20.96 (based on average usage of 800 cubic feet), for Sanitary Sewer \$12.60 (based on average usage of 600 cubic feet), and for Storm Water \$9.17.

➤ **Solid Waste and Recycling Fee**

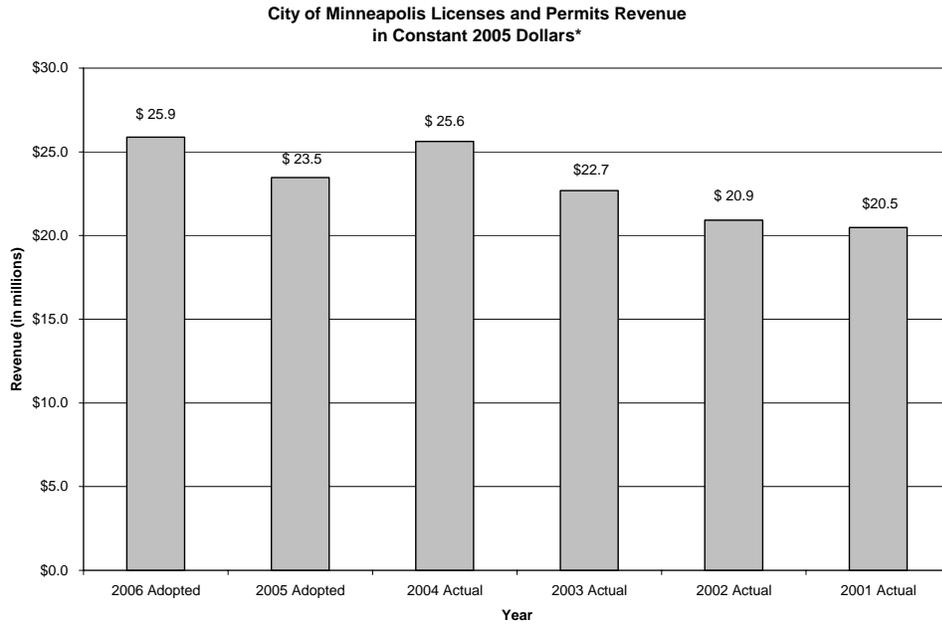
The 2006 Adopted Budget holds the solid waste and recycling fee steady at the 2005 level of \$19.25 per month per dwelling.

➤ **Franchise Fees**

The City's franchise fee revenues for 2006 are anticipated to remain near their 2005 levels. The 2006 Adopted Budget includes only a slight increase in franchise fee revenue of \$200,000.

➤ **Other Fee Changes**

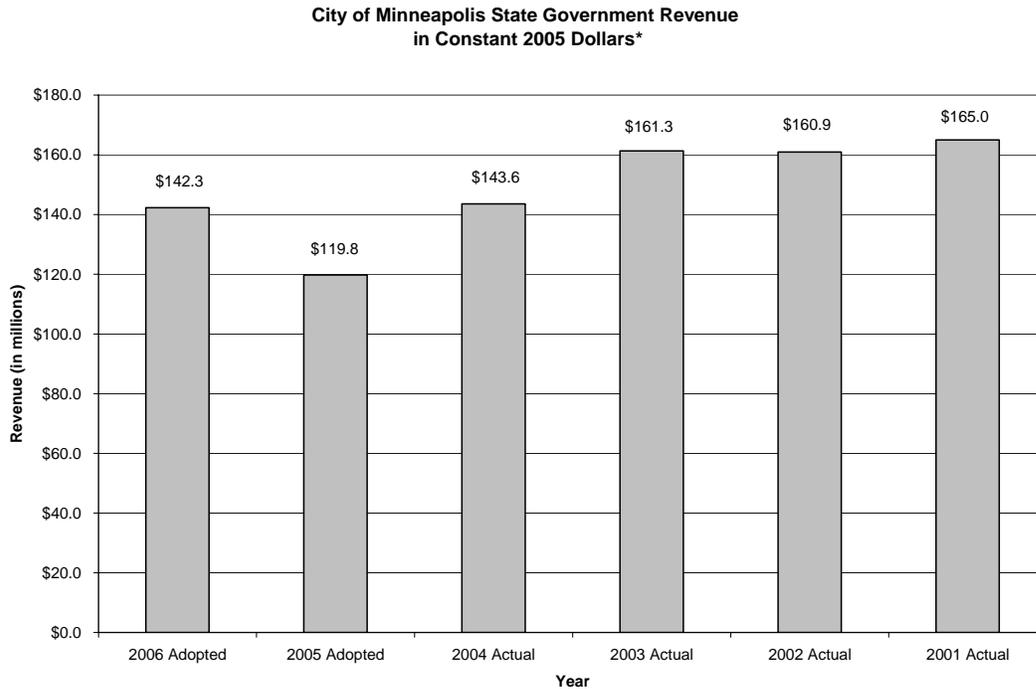
The licenses and permit fee revenue is expected to increase by approximately \$2.4 million in 2006 due to increases in the rates charged for some of the licenses and permits. The 2006 Adopted Budget is structured so as to prevent the property taxpayers from having to subsidize fee-based services.



*This revenue chart shows the trend of City revenues adjusted for inflation using the Consumer Price Index (CPI).

➤ **State Aid**

The 2006 State Legislature increased the City’s LGA allocation by \$12.3 million; \$5.9 million of this increase is ongoing funding. As a result of this allocation increase, the City’s state aids – which include LGA – increased approximately 17% from 2005 adopted levels.



*This revenue chart shows the trend of City revenues adjusted for inflation using the Consumer Price Index (CPI).

Property Market Values and Tax Base Highlights

Following is a chart from the City Assessor’s Office with estimated market values and corresponding tax capacity by group.

For Taxes Collected in 2006

Group	2006 Estimated Market Value	% Total	% Change	Tax Capacity	% Total	% Change
Commercial	5,282,717,800	15.4%	13.7%	103,333,900	27.3%	14.0%
Industrial	1,392,094,300	4.0%	3.3%	27,133,418	7.2%	3.6%
Residential	24,309,841,700	70.7%	13%	206,887,658	54.7%	17.6%
Apartment	3,393,675,300	9.9%	6.1%	40,888,325	10.8%	2.6%
Other	21,557,100	0.1%	16.3%	323,361	0.1%	16.3%
Total	34,399,886,200	100.0%	12.0%	378,566,662	100.0%	13.7%

The above data is the most current available as of 12/20/2005.

The market value and tax capacity data shown above does not include personal property, which is estimated to have a market value of approximately \$392,350,000 and a corresponding tax capacity of \$7,620,000 for taxes payable 2006. With personal property included, tax capacity is

estimated to increase by approximately 15 percent, before deductions for tax increment and fiscal disparities.

The following table of data provides the change in tax increment financing and fiscal disparities contribution and distribution for taxes payable 2006:

For Taxes Payable 2006*	
Personal Property Market Value	\$379,555,200
Personal Property Tax Capacity	\$7,387,573
Gross Tax Capacity	\$387,469,064
- Less Increment Financing	(\$57,773,555)
- Less Fiscal Disparities Contribution	(\$32,778,714)
+ Plus Fiscal Disparities Distribution	\$39,578,215
Net Tax Capacity	\$336,495,010

*Data as of Truth in Taxation Certification.

Property Values and Tax Trends

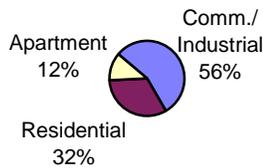
The 2001 tax bill enacted by the state legislature, made comprehensive changes to the property tax laws. Under Minnesota's state property tax system, if the State reduces the level of property tax for one property type through changes in the classification system, the taxes shift to other property types.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

Different property uses pay tax at a different rate as a result of the State's property tax classification system. The taxes are a function of the market value taken times the statutory class rate times the tax rate. The 2001 legislature made changes to the property tax classification rates that reduced the rates for commercial/industrial property, apartments and high valued homes.

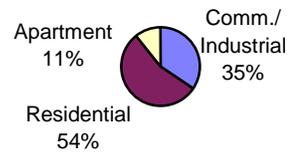
In 2001, the State Legislature enacted a statewide property tax on commercial, industrial and seasonal-residential recreational properties. The State of Minnesota now receives approximately 26 percent of the property taxes paid on those property types. Until recent property tax reform, property taxes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

Minneapolis has historically had a strong commercial and industrial tax base. For taxes payable in 1997, Minneapolis commercial and industrial property paid 56 percent of the total taxes for the City with the central business district alone paying almost 40 percent; for taxes payable 2006 this declined to 35 percent of the City total with the central business district paying approximately 24 percent. Corresponding percentages for residential property (defined as 1-3 dwelling units) show that this class paid 32 percent of the City's taxes in 1996; it is estimated that this percentage will be 54 percent for payable 2006. This represents almost a complete reversal in the share of the City's tax burden between the two property types.

**City of Minneapolis
Tax Capacity - Taxes Payable 1997
(\$330 million)**



**City of Minneapolis
Tax Capacity - Taxes Payable 2006
(\$379 million)**



The changes in distribution of tax base are a function of both market conditions and changing class rates. Residential property has increased in value at a higher rate than other property types in the past several years.

The following table shows the growth in the market value by year:

Year	Change in Market Value		
	Commercial/Industrial	Residential	Apartment
2000	17.7%	9.5%	13.0%
2001	23.1%	16.0%	18.7%
2002	20.8%	23.4%	27.5%
2003	12.5%	15.4%	16.4%
2004	-5.5%	15.1%	14.1%
2005	3.0%	12.2%	6.5%
2006	11.4%	12.9%	6.8%

Increases in residential taxes of the same magnitude have been avoided because of the *Limited Market Value* law. Originally, the 2001 legislature initiated a phase-out of the limited market value program over a six-year period, with the last year of the program occurring in 2007. Most recently, the 2005 legislature extended the phase-out of the LMV program two additional years. As a result of the extension, the 2005 and 2006 increases in taxable market value will be limited to a 15% increase or 25% of the difference between the current value and the previous limited value. This is a significant change from the previously scheduled 33% and 50% increases as outlined by the 2001 legislature.

Minneapolis had a differential of over \$3.9 billion dollars between total residential market value and Limited Market Value in 2005. As the Limited Market Value is phased out, even if the real estate market remains flat, this action will cause a significant shift in tax burden to residential property. If the market continues to be stronger for residential than other property types it will continue to further compound the property tax shift.

The Minneapolis Central Business District (CBD) is recovering from a period of high vacancy and lowered estimated market values. In 2005 alone, the overall average increase in the market value of all commercial and industrial properties in Minneapolis was 12.8%. The CBD is also seeing a substantial increase in large office building sales. During the year of 2004, six CBD buildings changed hands. In 2005 another five or six buildings are currently being marketed.

Although not all properties listed for sale will transfer ownership this year, it is a strong indication of how buyers and sellers view the current market. The perception is that the market has finally bottomed and the future will bring back strength to the rental market and concurrently real estate value. This recovery, while evident, shows consistent and gradual growth.

The market for Minneapolis commercial properties located in neighborhood commercial nodes or along the City's commercial corridors has been extremely strong over the past several years. However, their increased values cannot offset the enormous impact of a decline in value for over 25 million square feet of office space in the central business district. It is our belief that the future of the Minneapolis commercial properties is a gradual, recovering CBD and the strong growth in the neighborhood commercial nodes.

City of Minneapolis 2006 Budget

Ten Year Projection of Demands on the Property Tax

Background

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

Assumptions in the Ten Year Projection

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

General Fund Operations

- 2% Wage Policy is in effect through 2012
- 20% annual increases in health insurance premiums
- No increase in departmental and City-wide revenue (except for regulatory services revenues which are expected to increase by 3%). Please see the discussion in the 2007-2011 five-year financial direction document earlier under this same tab for more information
- Reductions in revenue related to the parking fund financial plan
- Internal Service Funds work out plan increases continue:
 - Self Insurance \$0.5 million in 2006, \$1 million annually in 2007-2014
 - Intergovernmental Service Fund (BIS) \$1.2 million annually in 2006-2008The projection includes slight cost of living increases for these operations
- Reductions to general fund operations are needed in each year of the plan

Capital and Debt

- Reductions to both the pay-as-you capital levy and the debt service levies continue in 2006-2009. These reductions were included in the five-year financial direction
- A slight (2%) increase is included for both of these levies for 2010-2014

Independent Boards and Special Levies

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

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

<i>(In millions of dollars)</i>	Adopted		Future Projected Demands on the Property Tax								
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
City General Fund Operations											
Salary and non-personnel increase	2.1	14.3	(0.3)	5.6	8.1	9.7	9.4	9.6	10.2	9.8	9.2
New Programs/Initiatives	-		6.0								
Health Insurance	2.2	1.8	4.0	4.2	5.0	6.0	7.2	8.6	10.4	12.4	14.9
Internal Service Funds	3.7	3.9	3.8	2.2	2.2	1.4	1.0	1.1	1.0	1.0	1.0
Strategies Needed to Balance Budget	-	(7.0)	(1.4)	(1.7)	(1.9)	(1.6)	(1.4)	(4.7)	(1.4)	(1.4)	(1.4)
Subtotal	8.0	13.0	12.1	10.2	13.4	15.5	16.2	14.6	20.1	21.8	23.7
City Capital/Debt:											
Permanent Improvement Fund	-	(0.2)	(0.5)	(0.7)	(0.5)	(0.5)	0.1	0.1	0.1	0.2	0.2
Debt structuring changes	(2.6)	(3.9)	(4.0)	(2.1)	(1.3)	(1.0)	0.4	0.5	0.6	0.7	0.8
Subtotal	(2.6)	(4.1)	(4.5)	(2.8)	(1.8)	(1.5)	0.5	0.6	0.7	0.9	1.0
City Total	5.4	8.9	7.6	7.4	11.6	14.0	16.6	15.2	20.8	22.7	24.7
Independent Boards and Special Levies											
Park Board Base Levy	1.8	1.6	1.7	1.7	1.8	1.9	1.7	1.8	1.8	1.9	1.9
Subtotal Park Board	1.8	1.6	1.7	1.7	1.8	1.9	1.7	1.8	1.8	1.9	1.9
Library Board Base Levy	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.7	0.7	0.8
Library Board - Referendum Levy	3.0	3.0	1.7	1.9	-	-	-	-	-	-	-
Subtotal Library	3.5	3.5	2.2	2.4	0.5	0.6	0.6	0.6	0.7	0.7	0.8
Municipal Bldg Commission	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.3
Community Development Levy	(2.0)	(2.0)	-	-	-	-	-	-	-	-	-
Minneapolis Public Housing Authority	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.1	0.1
Pension Funds	4.5	2.3	3.9	5.0	4.0	3.0	2.0	5.0	1.0	1.0	1.0
Total Independent Boards and Special Levies	7.8	5.5	8.0	9.4	6.5	5.7	4.5	7.6	3.8	3.9	4.1
Total Increase in Property Tax Revenue	13.2	14.4	15.6	16.8	18.1	19.6	21.2	22.9	24.6	26.6	28.8
Total Property Tax Revenue	179.3	193.7	209.2	226.0	244.1	263.8	284.9	307.8	332.4	359.0	387.8
Annual Percent Increase	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%

**2006 Council Adopted
Property Tax Levy Recommendation**

	2005 Adopted Levies	Based on Adopted Tax Policy			2006 Council Adopted		
		2006	% Chg from 2005	\$ Chg from 2005	2006 Recommended	% Chg from 2005	\$ Chg from 2005
Total by Major Funds:							
General Levies	161,210,830	167,305,221	3.8%	6,094,391	177,945,203	10.4%	16,734,373
Special Levies	32,538,864	41,944,449	28.9%	9,405,585	31,304,466	-3.8%	(1,234,398)
Grand Total	193,749,694	209,249,669	8.0%	15,499,975	209,249,669	8.0%	15,499,975
Total by Entity:							
City*	135,268,671	146,860,197	8.6%	11,591,526	146,886,205	8.6%	11,617,534
Park Board**	36,418,659	38,090,613	4.6%	1,671,954	38,064,605	4.5%	1,645,946
Library Board	12,287,500	12,779,000	4.0%	491,500	12,779,000	4.0%	491,500
<i>Library Board Referendum</i>	6,400,000	8,100,000	26.6%	1,700,000	8,100,000	26.6%	1,700,000
Public Housing Authority	1,124,864	1,169,859	4.0%	44,995	1,169,859	4.0%	44,995
Teachers Retirement	2,250,000	2,250,000	0.0%	0	2,250,000	0.0%	0
Grand Total	193,749,694	209,249,669	8.0%	15,499,975	209,249,669	8.0%	15,499,975

Notes:

* Includes the Municipal Building Commission, Board of Estimate and Taxation and Pension Levies

** Park Board increase from 2005 to 2006 includes the additional capital infrastructure funding as approved in the adopted tax policy, which is why the percent is greater than 4%.

**2006 Adopted Budget
Tax Rates and Levies**

Based on information available as of January 2006

NET TAX CAPACITY BASED (NTC) LEVIES

	2004		2005			2006		
	Tax Rate (%)	Total Tax Levy \$	Tax Rate (%)	Total Levy \$	Tax	Tax Rate (%)	Total Levy \$	Tax
City Levies								
General ¹	32.489	\$ 86,926,879	34.899	\$ 103,678,649		33.831	\$ 114,661,106	
Police Personnel Expansion	0.000	0	0.000	0	0	0.000	0	0
Estimate and Taxation	0.057	151,375	0.053	157,430		0.068	229,247	
Building Commission	1.327	3,549,377	1.243	3,691,352		1.133	3,839,006	
Permanent Improvement	0.818	2,187,240	0.663	1,967,240		0.560	1,897,240	
Bond Redemption	9.813	26,255,877	7.663	22,764,000		5.838	19,784,607	
Firefighter's Relief Association	0.000	0	0.000	0	0	0.409	1,385,000	
Police Relief Association	1.108	2,962,300	0.000	0	0	0.654	2,215,000	
Minneapolis Employees Retirement Fund	1.492	3,990,564	1.014	3,010,000		0.849	2,875,000	
Sub-Total City Levies	47.104	\$ 126,023,612	45.535	\$ 135,268,671		43.342	\$ 146,886,206	
Lake Pollution Control	0.000	0	0.000	0	0	0.000	0	0
Park and Recreation	10.819	28,945,342	10.200	30,301,312		11.231	38,064,605	
Tree Preservation and Ref.	2.199	5,882,407	2.060	6,117,347		0.000	0	0
Shade Tree Disease Control	0.000	0	0.000	0	0	0.000	0	0
Sub-Total Park Board Levies	13.018	\$ 34,827,749	12.260	\$ 36,418,659		11.231	\$ 38,064,605	
Library Board ²	4.416	\$ 11,814,904	4.137	\$ 12,287,500		3.771	\$ 12,779,000	
Sub-Total City Levies	64.538	\$ 172,666,265	61.932	\$ 183,974,830		58.344	\$ 197,729,811	
City-Related Special Levies								
Chapter 595/HRA Levy	0.000	\$0	0.000	\$0	\$0	0.000	\$0	\$0
Public Housing	0.403	1,081,600	0.378	1,124,864		0.344	1,169,859	
Teachers' Retirement	0.832	2,250,000	0.751	2,250,000		0.658	2,250,000	
Watershed Districts ³	0.768	2,614,619	1.276	3,787,000		1.072	3,676,000	
Sub-Total City-Related Specials Levies	2.003	\$ 5,946,219	2.405	\$ 7,161,864		2.074	\$ 7,095,859	
Other Special Levies								
Hennepin County	41.943	\$113,928,147	39.182	\$117,077,010		36.471	\$124,030,325	
Minneapolis Public Schools	32.389	117,868,629	26.874	111,099,802		25.589	122,127,506	
Other Special Taxing Districts ⁴	4.889	12,367,817	4.715	13,265,573		4.285	13,930,947	
Sub-Total Other Specials Levies	79.221	\$ 244,164,593	70.771	\$ 241,442,385		66.345	\$ 260,088,778	
TOTAL NTC BASED LEVIES	145.762	\$ 422,777,077	135.108	\$ 432,579,079		126.763	\$ 464,914,448	

REFERENDUM MARKET VALUE BASED (RMV) LEVIES

	2004		2005			2005		
	Tax Rate (%)	Total Tax Levy \$	Tax Rate (%)	Total Levy \$	Tax	Tax Rate (%)	Total Levy \$	Tax
Minneapolis Public Library Referendum	0.01420	\$ 3,400,000	0.02393	\$ 6,400,000		0.02645	\$ 8,100,000	
Minneapolis Public Schools Referendum	0.09833	27,318,163	0.09445	25,270,000		0.10221	\$ 31,300,000	
Solid Waste Fee ⁵	0.01786	4,277,668	0.01595	4,260,000		0.01287	\$ 3,950,000	
	0.13039	\$ 34,995,831	0.13433	\$ 35,930,000		0.14153	\$ 43,350,000	
TOTAL RMV BASED LEVIES	0.13039	\$ 34,995,831	0.13433	\$ 35,930,000		0.14153	\$ 43,350,000	
TOTAL ALL LEVIES		\$ 457,772,908		\$ 468,509,079			\$ 508,264,448	

Notes:

¹ This amount includes the Economic Development/Tax Abatement Levy.

² This does not include the Library Board referendum levy. That amount is listed under "Referendum Market Value Based Levies."

³ The watershed Levy \$\$ are for watersheds 3 & 6 & 7 & 8, these watersheds slightly adjust the levy rates for the School & County applicable to these areas also, table shows #3

Water Shed #	# 0	# 3	# 6	# 7	# 8
School Rate	25.553	25.589	25.536	25.553	25.553
County Rate	36.445	36.471	36.433	36.445	36.445
Water Shed rate	0.000	1.072	2.400	0.428	0.072
Total NTC Based rate	125.629	126.763	128.000	126.057	125.701

⁴ Other special taxing jurisdictions include: Metro Mosquito Control, Metropolitan Council, Metro Transit, Park Museum, & Hennepin County Regional Railroad Authority

⁵ The Solid Waste Fee amounts are the portions associated with Minneapolis only.

⁶ The Tax Levy \$\$ are Certified Levy Amounts.

⁷ The Tax rate applies to 76.3140% of the Commercial property's taxable value and the area wide rate of 121.802 applies to the remaining 23.6860% in addition to the State rate of 51.000.

Summary of Residential Property Tax and Utility Fees

Residential Property				
Home with Estimated Market Value \$143,500				
	2005	2006	% change	\$ change
Assessed Market Value	\$ 129,000	\$ 143,500	11.2%	\$ 14,500
Taxable Value	\$ 113,200	\$ 130,100	14.9%	\$ 16,900
City Property Taxes				
Property Tax	\$ 587	\$ 651	10.9%	\$ 64
Referendum Tax	\$ 27	\$ 34	26.7%	\$ 7
<i>Total City Property Taxes</i>	\$ 614	\$ 685	11.6%	\$ 71
Water	\$ 240	\$ 252	5.0%	\$ 12
Storm Water	\$ 105	\$ 110	4.8%	\$ 5
Sanitary Sewer	\$ 144	\$ 151	4.9%	\$ 7
Solid Waste/Recycling	\$ 231	\$ 231	0.0%	0
<i>Total Utilities</i>	\$ 720	\$ 744	3.3%	\$ 24
Total Property Taxes and Utilities	\$ 1,334	\$ 1,429	7.1%	\$ 95

Residential Property				
Home with Estimated Market Value \$225,500				
	2005	2006	% change	\$ change
Assessed Market Value	\$ 211,500	\$ 225,500	6.6%	\$ 14,000
Taxable Value	\$ 152,900	\$ 175,800	15.0%	\$ 22,900
City Property Taxes				
Property Tax	\$ 855	\$ 942	10.2%	\$ 88
Referendum Tax	\$ 37	\$ 47	26.8%	\$ 10
<i>Total City Property Taxes</i>	\$ 891	\$ 988	16.9%	\$ 97
Water	\$ 240	\$ 252	5.0%	\$ 12
Storm Water	\$ 105	\$ 110	4.8%	\$ 5
Sanitary Sewer	\$ 144	\$ 151	4.9%	\$ 7
Solid Waste/Recycling	\$ 231	\$ 231	0.0%	0
<i>Total Utilities</i>	\$ 720	\$ 744	3.3%	\$ 24
Total Property Taxes and Utilities	\$ 1,611	\$ 1,732	7.5%	\$ 121

Residential Property				
Home with Estimated Market Value \$529,000				
	2005	2006	% change	\$ change
Taxable Value	\$ 475,000	\$ 529,000	11.4%	\$ 54,000
	\$ 414,400	\$ 476,500	15.0%	\$ 62,100
City Property Taxes				
Property Tax	\$ 2,611	\$ 2,819	8.0%	\$ 208
Referendum Tax	\$ 99	\$ 126	26.8%	\$ 27
<i>Total City Property Taxes</i>	\$ 2,710	\$ 2,945	8.7%	\$ 235
Water	\$ 240	\$ 252	5.0%	\$ 12
Storm Water	\$ 105	\$ 110	4.8%	\$ 5
Sanitary Sewer	\$ 144	\$ 151	4.9%	\$ 7
Solid Waste/Recycling	\$ 231	\$ 231	0.0%	0
<i>Total Utilities</i>	\$ 720	\$ 744	3.3%	\$ 24
Total Property Taxes and Utilities	\$ 3,430	\$ 3,689	7.6%	\$ 259

Residential Property				
Home with Estimated Market Value \$1,141,500				
	2005	2006	% change	\$ change
Assessed Market Value	\$ 992,500	\$ 1,141,500	15.0%	\$ 149,000
Taxable Value	\$ 860,500	\$ 993,300	15.4%	\$ 132,800
City Property Taxes				
Property Tax	\$ 5,989	\$ 6,605	10.3%	\$ 617
Referendum Tax	\$ 206	\$ 263	27.3%	\$ 56
<i>Total City Property Taxes</i>	\$ 6,195	\$ 6,868	10.9%	\$ 673
Water	\$ 240	\$ 252	5.0%	\$ 12
Storm Water	\$ 105	\$ 110	4.8%	\$ 5
Sanitary Sewer	\$ 144	\$ 151	4.9%	\$ 7
Solid Waste/Recycling	\$ 231	\$ 231	0.0%	0
<i>Total Utilities</i>	\$ 720	\$ 744	3.3%	\$ 24
Total Property Taxes and Utilities	\$ 6,915	\$ 7,612	10.1%	\$ 697

Commercial/Industrial Property				
\$400,000 Valued C/I Property	2005	2006	\$ Chg	% Chg
Taxable Value	\$348,000	\$400,000	\$ 31,500	9.1%
City Property Taxes				
City Property Tax	\$2,855	\$3,295	\$ 440	15%
Referendum Tax	\$83	\$106	\$ 23	28%
Total City Property Taxes	\$2,938	\$3,400	\$ 462	16%

Commercial/Industrial Property				
\$9,700,000 Valued C/I Property	2005	2006	\$ Chg	% Chg
Taxable Value	\$9,500,000	\$9,700,000	\$ 200,000	2%
City Property Taxes				
City Property Tax	\$87,002	\$87,239	\$ 237	0.3%
Referendum Tax	\$2,271	\$2,566	\$ 295	13%
Total City Property Taxes	\$89,273	\$89,805	\$ 532	1%

Apartment Property				
\$435,500 Valued Apartment Building	2005	2006	\$ Chg	% Chg
Taxable Value	\$ 420,000	\$435,500	\$ 15,500	4%
City Property Taxes				
City Property Tax	\$ 3,307	\$3,242	\$ (66)	-2%
Referendum Tax	\$ 100	\$115	\$ 15	15%
Total City Property Taxes	\$ 3,408	\$3,357	\$ (51)	-1%

Apartment Property				
\$645,000 Valued Apartment Building	2005	2006	\$ Chg	% Chg
Taxable Value	\$645,000	\$645,000	\$ -	0%
City Property Taxes				
City Property Tax	\$5,079	\$4,770	\$ (310)	-6%
Referendum Tax	\$154	\$171	\$ 16	10%
Total City Property Taxes	\$5,234	\$4,940	\$ 294	6%

**City of Minneapolis
2006 Budget**

Five-year Financial Direction 2007-2011

Introduction

In keeping with the January 2003 resolution five-year financial direction and commitment to business planning resolution, this document reflects the Council's adopted the five-year financial direction. The purpose of adopting a 2007-2011 financial direction is to provide guidance for departments in updating their business plans during 2006.

New Conditions Reflected in the Adopted Budget

The financial schedules and summary tables in this document take into account new circumstances that the City faces during the 2007-2011 timeframe:

- ❑ **Increase to Local Government Aid:** With the close of the state legislative session, the City's Local Government Aid (LGA) increased \$15.4 million over the anticipated levels. Of this amount, \$7.3 million is anticipated to continue beyond 2006.

As a result of the agreed distribution of LGA between the independent boards and City departments, the City's general fund receives 80% of this increase. The general fund will receive a \$5.85 million increase in LGA on an ongoing basis and \$6.45 million in one-time LGA. The adopted budget uses this \$6.45 million in one-time LGA to reduce ongoing pension debt.

Beginning in 2007, the City is assumed to receive a reduction in LGA of \$1.4 million each year as a result of how the City's need factors compare to the need factors of other cities in the state. This equates to \$1.1 million fewer resources in the general fund annually.

- ❑ ***The 2006 adopted budget is the basis for future projections:*** In other words, the starting place for the 2007-2011 department budget estimates is what is included in the 2006 adopted budget. One-time 2006 supplemental items are removed from department budgets in 2007 and beyond.

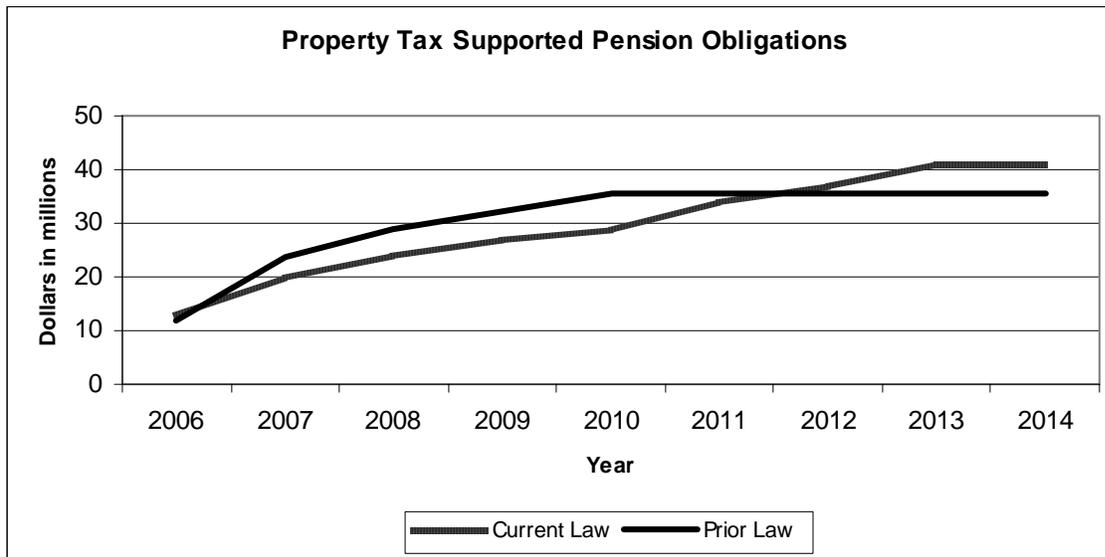
- ❑ ***The adopted financial direction from 2007 to 2011 contains updates to department resources:*** The adopted financial direction has been updated to reflect the elimination of reductions to growth in the following departments: Police, Fire, Health and Family Support, and Civil Rights. Further, the Public Works growth estimates and reductions are adjusted to better represent how the elimination of the infrastructure gap program in the financial direction has been reflected in the budgets established since the direction's adoption.

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

❑ **The City’s pension outlook in the financial direction reflects recent State law changes:** The beneficial effects of legislative changes on pension payments to the Minneapolis Police Relief Association are reflected in the financial direction. The direction also includes increased costs related to the four-year phase in of new contribution rates to the Public Employee’s Retirement Association for the City’s active employees hired since 1980.

Legislation related to the non-sworn employee pensions for general City staff hired prior to 1980 did not pass in the legislative session. This legislation would have significantly helped the timing of the City’s obligations to the Minneapolis Employee Retirement Fund (MERF). The beneficial effects of this legislation are not included in the 2007-11 financial direction.

The City may face significant increased payments to the Minneapolis Teachers’ Retirement Association. Legislation to address the financial situation of this fund, with costs shared by the State, the School District and the City, did not pass in the 2005 session. The effects of this legislation are not included in the 2007-11 financial direction.



- **Wage growth is limited to 2%.** To the degree that contracts settle at a higher rate in 2007-2011, additional reductions would be needed.
- **No relief from reductions nor any growth is planned in the Capital or Debt Service Levies for the Capital plan until 2010.** Pressure on the capital project budgets will continue. Any new projects will need to be offset by reductions in projects in the current plan. A 2% growth factor is included in 2010 and 2011 in order to begin planning for expanded capital needs.

Detailed assumptions and schedules follow this narrative summary.

Department	Summary of the Five-Year Financial Direction 2007-2011 (dollars in millions)	
	2011 Resources	Reductions 2007-2011
Police	\$126.7	\$0
Fire	55.7	0
Public Works	39.9	4.5
Regulatory Services	27.0	0
Health and Family Support (HFS)	4.4	0
Civil Rights	2.7	0
Capital Plan (pay-go and debt)	21.1	6.0
Pensions	34.0	0
All Other Spending	100.5	3.4
Total	\$ 412.0	\$ 13.9

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

- Decreased need for property taxes to support library referendum bonds are shifted to pension bonds.
- Increased pension costs are offset by general fund reductions.
- **Reductions to growth for Police, Fire, Health and Family Support and Civil Rights are eliminated.**
- The 2% wage cap is maintained over the five years.
- No additional cuts other than what was included in the five-year financial direction are included for the permanent improvement levy or for debt service.
- Departments that did not receive a reduction in the adopted financial direction do not receive one in this update
- **\$6.45 million in one-time LGA funding is removed in 2007 and beyond; additional reductions of \$1.1 million annually (excluding independent boards) are reflected in 2008-2011.**
- Revenues in the general fund are NOT assumed to increase, except for licenses and permits which are anticipated to increase by 3.0% annually.
- No additional revenues are anticipated from public works revenue (assessments, other fees)
- No additional programs or services are added – they would need to be funded by new revenue or through departmental efforts to reduce costs.
- **Only currently adopted pension law is reflected. Obligations related to the Minneapolis Teachers' Retirement Association and relief related resulting from changes in the Minneapolis Employee Retirement Fund are not reflected.**
- Full funding of pension and internal service fund debts are included. Constraints in internal service funds are maintained. Reductions to growth as planned to gap funding are reflected for public works, capital and debt service.
- The level of revenue from the parking fund is reduced according to the Council adopted financial work-out plan for that fund.
- Entertainment tax from the Convention Center fund flows at the same rate as in the past (about \$8 million annually).
- No changes to state tax law regarding property taxes (including levy limits, classification rates, phase out of limited market value).
- No new revenue from decertification of tax increment financing districts.

Five Year Summary of Property Tax Supported Budgets

	2006 Expense	5-Year Projected Growth in Spending	5-Year Reduction to Growth in Spending	2011 Expense	Avg Annual % Incr over 5-yr period	Allocated Revenues for Presentation Purposes <i>These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>				2010 Total Revenues
						2011 Direct Revenue	2011 General City Revenues (Non-Direct)	2011 Local Government Aid	2011 Property Tax Revenue	
Mayor	1.146	0.145	-	1.291	2.5%	-	0.298	0.291	0.702	1.291
City Clerk/Elections	3.153	0.581	(0.050)	3.684	3.4%	0.930	0.636	0.620	1.498	3.684
City Council	2.940	0.405	-	3.345	2.8%	-	0.773	0.753	1.819	3.345
CPED	3.671	0.557	(0.175)	4.053	2.1%	1.557	0.585	0.570	1.342	4.053
Contingency	2.279	0.080	-	2.359	0.7%	-	0.545	0.531	1.283	2.359
City Coord Admin, Comm, IGR	4.101	0.766	-	4.867	3.7%	2.527	0.540	0.527	1.273	4.867
Civil Rights	2.494	0.178	-	2.672	1.4%	-	0.617	0.602	1.453	2.672
Assessor	3.177	0.536	-	3.713	3.4%	0.134	0.826	0.806	1.946	3.713
Health and Family	3.701	0.691	-	4.392	3.7%	0.650	-	-	3.742	4.392
Human Resources	5.915	0.916	(0.500)	6.331	1.4%	0.005	1.484	1.447	3.395	6.331
Attorney	6.790	1.130	(0.600)	7.320	1.6%	0.108	1.689	1.647	3.876	7.320
911/311	9.755	1.645	(0.800)	10.600	1.7%	2.650	-	-	7.950	10.600
Internal Service Funds	20.183	12.416	-	32.599	12.3%	-	7.528	7.341	17.729	32.599
Finance	17.996	3.290	(0.850)	20.436	2.7%	0.006	4.753	4.635	11.043	20.436
Regulatory Services	23.850	3.130	-	26.980	2.6%	27.632	-	-	(0.652)	26.980
Business Information Services	-	-	(0.400)	(0.400)	n/a	-	-	-	(0.400)	(0.400)
Public Works	38.245	6.153	(4.475)	39.923	0.9%	12.791	6.459	6.298	14.375	39.923
Fire	47.162	8.546	-	55.708	3.6%	3.586	12.037	11.738	28.347	55.708
Police	107.526	19.166	-	126.692	3.6%	14.567	25.894	25.251	60.980	126.692
Total General Fund	304.084	60.332	(7.850)	356.566	3.5%	67.143	64.664	63.057	161.702	356.566
Capital - Permanent Improvement	1.859	1.590	(1.580)	1.869	0.1%	-	-	-	1.869	1.869
Debt Service	19.785	3.900	(4.430)	19.255	-0.5%	-	-	-	19.255	19.255
Subtotal	21.644	5.490	(6.010)	21.124	-0.5%	-	-	-	21.124	21.124
Total City (not incl special levies)	325.728	65.822	(13.860)	377.690	3.2%	67.143	64.664	63.057	182.826	377.690
Community Development	-	-	-	-	n/a	-	-	-	-	-
Pensions	20.862	13.138	-	34.000	12.6%	-	-	-	34.000	34.000
Total	346.590	78.960	(13.860)	411.690	3.8%	67.143	64.664	63.057	216.826	411.690
									2006 Max	140.000
									2011 Max	221.771
									Difference between maximum and needed amount to balance	(4.945)

2007 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Allocated Revenues for Presentation Purposes These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.				Total Revenues
					Direct Revenue	General City Revenues (Non- Direct)	Local Government Aid	Property Tax Revenue	
Mayor	1.146	(0.026)	-	1.120	-	0.309	0.313	0.498	1.120
City Clerk/Elections	3.153	0.094	(0.050)	3.197	0.930	0.640	0.647	0.979	3.197
City Council	2.940	(0.038)	-	2.902	-	0.802	0.811	1.290	2.902
CPED	3.671	0.009	(0.035)	3.645	1.383	0.634	0.642	0.986	3.645
Contingency	2.279	(0.232)	-	2.047	-	0.565	0.572	0.909	2.047
City Coord Admin, Comm, IGR	4.101	0.122	-	4.223	2.527	0.468	0.474	0.754	4.223
Civil Rights	2.494	(0.176)	-	2.318	-	0.640	0.648	1.030	2.318
Assessor	3.177	0.044	-	3.221	0.134	0.853	0.863	1.372	3.221
Health and Family	3.701	0.110	-	3.811	0.650	0.873	0.883	1.405	3.811
Human Resources	5.915	0.046	(0.100)	5.861	0.005	1.645	1.665	2.546	5.861
Attorney	6.790	0.127	(0.150)	6.767	0.108	1.881	1.903	2.875	6.767
911/311	9.755	0.190	(0.160)	9.785	2.650	-	-	7.135	9.785
<i>Internal Service Funds</i>	20.183	2.800	-	22.983	-	6.348	6.423	10.212	22.983
Finance	17.996	0.535	(0.200)	18.331	0.006	5.116	5.177	8.031	18.331
Regulatory Services	23.850	(0.441)	-	23.409	24.551	-	-	(1.142)	23.409
Business Information Services	-	-	(0.200)	(0.200)	-	-	-	(0.200)	(0.200)
Public Works	38.245	0.592	(0.935)	37.902	12.791	7.194	7.279	10.638	37.902
Fire	47.162	1.172	-	48.334	3.586	12.359	12.506	19.883	48.334
Police	107.526	2.396	-	109.922	14.567	26.336	26.650	42.369	109.922
Total General Fund	304.084	7.324	(1.830)	309.579	63.888	66.664	67.457	111.569	309.579
Capital - Permanent Improvemen	1.859	0.440	(0.680)	1.619	-	-	-	1.619	1.619
Debt Service	19.785	1.000	(2.108)	18.677	-	-	-	18.677	18.677
Subtotal	21.644	1.440	(2.788)	20.296	-	-	-	20.296	20.296
Total City (not incl special levies)	325.728	8.764	(4.618)	329.875	63.888	66.664	67.457	131.865	329.875
Community Development	-	-	-	-	-	-	-	-	-
Pensions	20.862	(0.862)	-	20.000	-	-	-	20.000	20.000
Total	346.590	7.903	(4.618)	349.875	63.888	66.664	67.457	151.865	349.875
								2006 Max	140.000
								2007 Max	152.136
Additional cuts needed/(Cushion for adverse circumstances)									(0.271)

2008 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	<i>Allocated Revenues for Presentation Purposes These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>				
					Direct Revenue	General City Revenues (Non- Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1.120	0.036	-	1.156	-	0.303	0.306	0.547	1.156
City Clerk/Elections	3.197	0.102	-	3.299	0.930	0.620	0.627	1.121	3.299
City Council	2.902	0.093	-	2.995	-	0.785	0.793	1.418	2.995
CPED	3.645	0.116	(0.035)	3.727	1.425	0.612	0.619	1.071	3.727
Contingency	2.047	0.065	-	2.112	-	0.553	0.559	1.000	2.112
City Coord Admin, Comm, IGR	4.223	0.135	-	4.358	2.527	0.480	0.485	0.867	4.358
Civil Rights	2.318	0.074	-	2.392	-	0.627	0.633	1.132	2.392
Assessor	3.221	0.103	-	3.324	0.134	0.836	0.844	1.510	3.324
Health and Family	3.811	0.122	-	3.933	0.650	0.860	0.869	1.554	3.933
Human Resources	5.861	0.187	(0.100)	5.948	0.005	1.583	1.600	2.761	5.948
Attorney	6.767	0.216	(0.150)	6.833	0.108	1.801	1.820	3.104	6.833
911/311	9.785	0.313	(0.160)	9.938	2.650	-	-	7.288	9.938
<i>Internal Service Funds</i>	22.983	2.934	-	25.917	-	6.789	6.860	12.269	25.917
Finance	18.331	0.586	(0.200)	18.717	0.006	4.953	5.006	8.752	18.717
Regulatory Services	23.409	0.748	-	24.157	25.288	-	-	(1.131)	24.157
Business Information Services	(0.200)	-	(0.200)	(0.400)	-	(0.052)	(0.053)	(0.295)	(0.400)
Public Works	37.902	1.211	(1.035)	38.078	12.791	6.894	6.967	11.425	38.078
Fire	48.334	1.544	-	49.879	3.586	12.125	12.253	21.914	49.879
Police	109.922	3.512	-	113.435	14.567	25.896	26.170	46.802	113.435
Total General Fund	309.579	12.098	(1.880)	319.797	64.666	65.664	66.357	123.109	319.797
Capital - Permanent Improver	1.619	0.440	(0.440)	1.619				1.619	1.619
Debt Service	18.677	1.000	(1.322)	18.355				18.355	18.355
Subtotal	20.296	1.440	(1.762)	19.974				19.974	19.974
Total City (not incl special levies)	329.875	13.538	(3.642)	339.771	64.666	65.664	66.357	143.083	339.771
Community Development	-	-	-	-	-	-	-	-	-
Pensions	20.000	4.000	-	24.000				24.000	24.000
Total	349.875	17.538	(3.642)	363.771	64.666	65.664	66.357	167.083	363.771
							2007 Max	152.136	
							2008 Max	167.350	
							Additional cuts needed/(Cushion for adverse circumstances)	(0.266)	

2009 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	<i>Allocated Revenues for Presentation Purposes These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>				
					Direct Revenue	General City Revenues (Non- Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1.156	0.040	-	1.196	-	0.301	0.303	0.592	1.196
City Clerk/Elections	3.299	0.114	-	3.413	0.930	0.624	0.630	1.229	3.413
City Council	2.995	0.103	-	3.098	-	0.779	0.786	1.533	3.098
CPED	3.727	0.129	(0.035)	3.820	1.468	0.600	0.606	1.146	3.820
Contingency	2.112	0.073	-	2.185	-	0.549	0.554	1.081	2.185
City Coord Admin, Comm, IGR	4.358	0.150	-	4.508	2.527	0.498	0.503	0.980	4.508
Civil Rights	2.392	0.083	-	2.475	-	0.622	0.628	1.225	2.475
Assessor	3.324	0.115	-	3.439	0.134	0.831	0.839	1.635	3.439
Health and Family	3.933	0.136	-	4.068	0.650	-	-	3.418	4.068
Human Resources	5.948	0.205	(0.100)	6.053	0.005	1.546	1.560	2.942	6.053
Attorney	6.833	0.236	(0.100)	6.969	0.108	1.750	1.766	3.344	6.969
911/311	9.938	0.343	(0.160)	10.120	2.650	-	-	7.470	10.120
<i>Internal Service Funds</i>	25.917	2.294	-	28.211	-	7.093	7.158	13.960	28.211
Finance	18.717	0.646	(0.150)	19.212	0.006	4.867	4.911	9.428	19.212
Regulatory Services	24.157	0.833	-	24.990	26.046	-	-	(1.056)	24.990
Business Information Services	(0.400)	-	-	(0.400)	-	-	-	(0.400)	(0.400)
Public Works	38.078	1.314	(0.835)	38.557	12.791	6.688	6.750	12.328	38.557
Fire	49.879	1.721	-	51.600	3.586	12.072	12.183	23.759	51.600
Police	113.435	3.913	-	117.348	14.567	25.842	26.079	50.859	117.348
Total General Fund	319.797	12.447	(1.380)	330.863	65.468	64.664	65.257	135.475	330.863
Capital - Permanent Improvemer	1.619	0.460	(0.460)	1.619	-	-	-	1.619	1.619
Debt Service	18.355	1.000	(1.000)	18.355	-	-	-	18.355	18.355
Subtotal	19.974	1.460	(1.460)	19.974	-	-	-	19.974	19.974
Total City (not incl special levies)	339.771	13.907	(2.840)	350.837	65.468	64.664	65.257	155.449	350.837
Community Development	-	-	-	-	-	-	-	-	-
Pensions	24.000	3.000	-	27.000	-	-	-	27.000	27.000
Total	363.771	16.907	(2.840)	377.837	65.468	64.664	65.257	182.449	377.837
								2008 Max	167.350
								2009 Max	183.881
								Additional cuts needed/(Cushion for adverse circumstances)	(1.432)

2010 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Allocated Revenues for Presentation Purposes These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.				
					Direct Revenue	General City Revenues (Non- Direct)	Local Government Aid	Property Tax Revenue	Total Revenues
Mayor	1.196	0.045	-	1.240	-	0.299	0.297	0.644	1.240
City Clerk/Elections	3.413	0.128	-	3.540	0.930	0.630	0.625	1.355	3.540
City Council	3.098	0.116	-	3.214	-	0.776	0.770	1.668	3.214
CPED	3.820	0.143	(0.035)	3.928	1.512	0.592	0.587	1.237	3.928
Contingency	2.185	0.082	-	2.267	-	0.547	0.543	1.177	2.267
City Coord Admin, Comm, IGR	4.508	0.169	-	4.677	2.527	0.519	0.515	1.116	4.677
Civil Rights	2.475	0.093	-	2.567	-	0.620	0.615	1.333	2.567
Assessor	3.439	0.129	-	3.567	0.134	0.829	0.822	1.782	3.567
Health and Family	4.068	0.152	-	4.221	0.650	-	-	3.571	4.221
Human Resources	6.053	0.226	(0.100)	6.180	0.005	1.515	1.503	3.157	6.180
Attorney	6.969	0.261	(0.100)	7.129	0.108	1.719	1.706	3.596	7.129
911/311	10.120	0.379	(0.160)	10.339	2.650	-	-	7.689	10.339
<i>Internal Service Funds</i>	28.211	2.055	-	30.267	-	7.307	7.250	15.710	30.267
Finance	19.212	0.719	(0.150)	19.781	0.006	4.810	4.773	10.192	19.781
Regulatory Services	24.990	0.935	-	25.925	26.828	-	-	(0.903)	25.925
Business Information Services	(0.400)	-	-	(0.400)	-	-	-	(0.400)	(0.400)
Public Works	38.557	1.442	(0.835)	39.164	12.791	6.569	6.517	13.287	39.164
Fire	51.600	1.930	-	53.530	3.586	12.058	11.963	25.923	53.530
Police	117.348	4.389	-	121.737	14.567	25.874	25.671	55.626	121.737
Total General Fund	330.863	13.391	(1.380)	342.874	66.293	64.664	64.157	147.760	342.874
Capital - Permanent Improve	1.619	0.100	-	1.719	-	-	-	1.719	1.719
Debt Service	18.355	0.400	-	18.755	-	-	-	18.755	18.755
Subtotal	19.974	0.500	-	20.474	-	-	-	20.474	20.474
Total City (not incl special levies)	350.837	13.891	(1.380)	363.348	66.293	64.664	64.157	168.234	363.348
Community Development	-	-	-	-	-	-	-	-	-
Pensions	27.000	2.000	-	29.000	-	-	-	29.000	29.000
Total	377.837	15.891	(1.380)	392.348	66.293	64.664	64.157	197.234	392.348
							2009 Max	183.88	
							2010 Max	202.05	
							Additional cuts needed/(Cushion for adverse circumstances)	(4.815)	

2011 Property Tax Supported Budgets

	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	<i>Allocated Revenues for Presentation Purposes These revenues are received at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>				Total Revenues
					Direct Revenue	General City Revenues (Non- Direct)	Local Government Aid	Property Tax Revenue	
Mayor	1.240	0.050	-	1.291	-	0.298	0.291	0.702	1.291
City Clerk/Elections	3.540	0.144	-	3.684	0.930	0.636	0.620	1.498	3.684
City Council	3.214	0.131	-	3.345	-	0.773	0.753	1.819	3.345
CPED	3.928	0.160	(0.035)	4.053	1.557	0.585	0.570	1.342	4.053
Contingency	2.267	0.092	-	2.359	-	0.545	0.531	1.283	2.359
City Coord Admin, Comm, IGR	4.677	0.190	-	4.867	2.527	0.540	0.527	1.273	4.867
Civil Rights	2.567	0.104	-	2.672	-	0.617	0.602	1.453	2.672
Assessor	3.567	0.145	-	3.713	0.134	0.826	0.806	1.946	3.713
Health and Family	4.221	0.172	-	4.392	0.650	-	-	3.742	4.392
Human Resources	6.180	0.252	(0.100)	6.331	0.005	1.484	1.447	3.395	6.331
Attorney	7.129	0.290	(0.100)	7.320	0.108	1.689	1.647	3.876	7.320
911/311	10.339	0.421	(0.160)	10.600	2.650	-	-	7.950	10.600
<i>Internal Service Funds</i>	30.267	2.332	-	32.599	-	7.528	7.341	17.729	32.599
Finance	19.781	0.805	(0.150)	20.436	0.006	4.753	4.635	11.043	20.436
Regulatory Services	25.925	1.055	-	26.980	27.632	-	-	(0.652)	26.980
Business Information Services	(0.400)	-	-	(0.400)	-	-	-	(0.400)	(0.400)
Public Works	39.164	1.594	(0.835)	39.923	12.791	6.459	6.298	14.375	39.923
Fire	53.530	2.179	-	55.708	3.586	12.037	11.738	28.347	55.708
Police	121.737	4.955	-	126.692	14.567	25.894	25.251	60.980	126.692
Total General Fund	342.874	15.072	(1.380)	356.566	67.143	64.664	63.057	161.702	356.566
Capital - Permanent Improvement	1.719	0.150	-	1.869				1.869	1.869
Debt Service	18.755	0.500	-	19.255				19.255	19.255
Subtotal	20.474	0.650	-	21.124				21.124	21.124
Total City (not incl special levies)	363.348	15.722	(1.380)	377.690	67.143	64.664	63.057	182.826	377.690
Community Development	-	-	-	-	-	-	-	-	-
Pensions	29.000	5.000	-	34.000				34.000	34.000
Total	392.348	20.722	(1.380)	411.690	67.143	64.664	63.057	216.826	411.690
							2010 Max	202.049	
							2011 Max	221.771	
							Additional cuts needed/(Cushion for adverse circumstances)	(4.945)	