

**City of Minneapolis
FY 2008 Budget**

Independent Boards and Agencies

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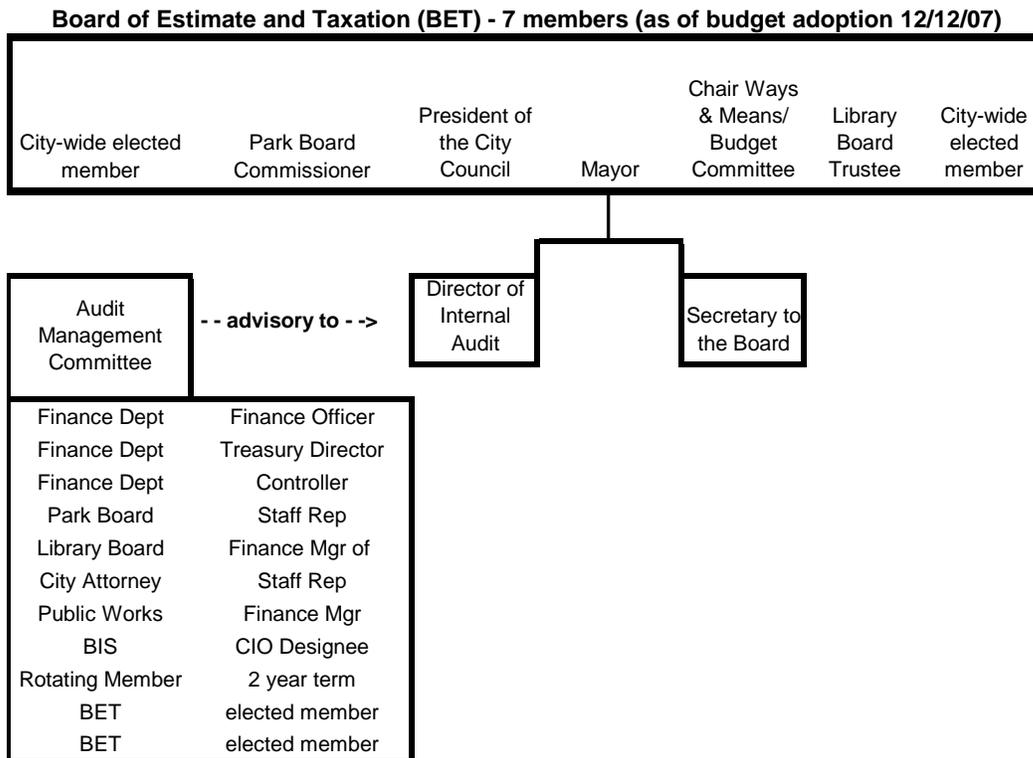
BOARD OF ESTIMATE AND TAXATION

MISSION

The mission of the Board of Estimate & Taxation is to obtain citizen input relating to setting the maximum tax levies for certain tax funds of the City. The Board reviews selected City departmental budgets and, after receiving recommendations from the Mayor and City Council, sets the maximum tax levies for the following funds: general fund, permanent improvement fund, park and recreation fund, shade tree disease control fund, public housing fund, the estimate and taxation fund, as well as libraries prior to the Minneapolis system merger into the Hennepin County system.

BUSINESS LINES

- Internal Audit
- General Governmental



Upon approval by the City Council, the Park and Recreation Board and Library Board make requests to the BET for the sale of bonds. The BET may vote to incur indebtedness by issuing and selling bonds, and by doing so, pledges full faith and credit of the City for payment of principal and interest. The BET also establishes the maximum property tax levies for funds of the City under the State's Truth-in-Taxation requirements and the City Charter. The Board is also responsible for the internal audit function as defined by the City Ordinance.

2008 DEPARTMENTAL STRATEGIES, OBJECTIVES, MEASURES AND TACTICS

Strategies	Objectives	Measures: Outcome and Driver	Tactics
Review accounting, financial and operating policies and procedures and evaluate related internal controls on a citywide basis.	Conduct a risk assessment for audit projects included in the overall internal audit work plan.	Generate a risk-index scoring matrix from this assessment.	- Analysis of processes and internal controls.
	Complete 3-4 audits from the internal audit work plan.	Submit audit reports with proposed recommendations.	- Via risk questionnaire, interviews & preliminary observations.
	Conduct the annual review of the Statement of Economic Interest forms.	Ensure all applicable individuals have submitted a completed and signed statement. Review all omissions & discrepancies.	- Meet with Election Division personnel to review. - Issue final report.

FINANCIAL ANALYSIS

EXPENDITURE

The 2008 budget for the BET is \$357,000, a 4.0% or \$14,300 increase over the 2007 adopted budget. There is no change in the number of positions.

REVENUE

In 2008, the Board will receive \$105,000 from bond proceeds and \$245,033 from property taxes, a total increase of 2.7% over the 2007 adopted budget.

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no changes to the BET's proposed budget.

COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommended budget without change.

BOARD OF ESTIMATE AND TAXATION

Staffing Information

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	% Change	Change
Total FTE's	2.00	2.00	2.00	2.00	0.00%	-

BOARD OF ESTIMATE AND TAXATION EXPENDITURE AND REVENUE INFORMATION

	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget	Percent Change	Change
Special Revenue Funds						
Salaries and Wages	\$193,800	\$197,891	\$196,954	\$201,653	2.3%	\$4,699
Contractual Services	\$12,186	\$68,528	\$71,290	\$73,883	3.5%	\$2,593
Operating Costs	\$13,333	\$22,499	\$17,410	\$18,725	7.0%	\$1,315
Fringe Benefits	\$38,310	\$41,366	\$57,046	\$62,739	9.1%	\$5,693
Total Expenditure	\$257,629	\$330,283	\$342,700	\$357,000	4.0%	\$14,300
Property Taxes	\$155,811	\$218,114	\$235,609	\$245,033	3.8%	\$9,424
Sales and Other Taxes	\$13	\$21				
State Government	\$216	\$8,651				
Operating Transfers In	\$98,000	\$102,000				
Proceeds of Long Term Liabilities			\$105,000	\$105,000	0.0%	\$0
Total Revenue	\$254,040	\$328,785	\$340,609	\$350,033	2.7%	\$9,424

MINNEAPOLIS LIBRARIES

MISSION

Link people in the City and beyond with the transforming power of knowledge.

BUSINESS LINES

- Responsive public library service of the highest quality;
- Centers of community and neighborhood vitality;
- Improved literacy among all patrons; and
- Sound stewardship of resources.

FINANCE PLAN FOR HENNEPIN COUNTY LIBRARY/MINNEAPOLIS LIBRARY MERGER (IN THOUSANDS):

	Base	Reopen (1)		Reopen	Other City (2)	Total City	Library LGA (3)	Prop tax (4)	One Time (5)	Total
2008	\$7,800	\$445	100%	\$445	\$10,650	\$18,895	\$6,800	\$10,650	\$1,445	\$18,895
2009	\$7,020	\$463	100%	\$463	\$10,650	\$18,133	\$6,800	\$10,650	\$683	\$18,133
2010	\$6,240	\$481	100%	\$481	\$10,650	\$17,371	\$6,721	\$10,650		\$17,371
2011	\$5,460	\$501	79%	\$393	\$10,750	\$16,603	\$5,853	\$10,750		\$16,603
2012	\$4,680	\$521	58%	\$302	\$10,750	\$15,732	\$4,982	\$10,750		\$15,732
2013	\$3,900	\$541	38%	\$206	\$10,750	\$14,856	\$4,106	\$10,750		\$14,856
2014	\$3,120	\$563	21%	\$118	\$10,750	\$13,988	\$3,238	\$10,750		\$13,988
2015	\$2,340	\$586	4%	\$23	\$10,750	\$13,113	\$2,363	\$10,750		\$13,113
2016	\$1,560	\$609	0%		\$10,850	\$12,410	\$1,560	\$10,850		\$12,410
2017	\$780	\$633	0%		\$10,850	\$11,630	\$780	\$10,850		\$11,630

(1) The cost to reopen 3 libraries at 24 (2) and 20 (1) hours per week. Annual costs are inflated 4% per year after 2008.

(2) Other City includes debt service on referendum and net debt bonds/MERF contributions. Final referendum debt service in 2032.

(3) Library LGA is the amount of LGA allocated to Libraries not exceeding the 2007 level.

(4) Property tax amounts are in City's five-year financial plans.

(5) The City will be responsible for these one-time costs.

(6) Net Debt is the City's adopted five-year capital improvement plan plus \$500,000 for Walker library improvements.

CITY CAPITAL CONTRIBUTIONS

The 2008 budget includes \$1.5 million in capital projects funded from net debt resources, as included in the funding plan. The City will also continue to pay the library's share of pension debt service in addition to the outstanding debt service on other bonds that have already been issued. The \$9.3 million referendum debt service for the central and community libraries continues to be levied on City taxpayers only.

FINANCIAL SUMMARY

Included in the general fund are the following resources:

Property taxes at projected 2008 level	\$13.8 million
Local Government Aid at 2007 level	\$ 6.8 million
Enhanced funding (scales back annually)	\$ 1.5 million
Total	\$22.1 million

These City funds are in addition to the approximately \$1.3 million in revenue that the Library receives from other sources, such as consulting services, fees and fines, the Friends of the Minneapolis Public

Library, grants, and other state and federal resources. In 2008, the Library is slated to receive approximately \$500,000 in private contributions from pledges made to the capital campaign for the new Central Library.

MAYOR'S RECOMMENDED BUDGET

The Mayor's recommended budget included full funding of the City's proposed finance plan (see plan on previous page) for the integration of the City library system with the Hennepin County library system.

COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommended budget without modification. The integration of the City library system with the Hennepin County library system occurred in January, 2008.

MEET MINNEAPOLIS

MISSION

To sell, market and internationally promote Minneapolis as a premier, year-round destination for convention, trade show, corporate meetings and leisure travel. Meet Minneapolis is committed to service excellence to all of its clients and does so for the economic benefit and vitality of the members, businesses, and communities it serves.

FINANCIAL ANALYSIS

Revenues	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget	Change
City funding base	4,910,000	4,910,000	4,910,000	4,910,000	0
1% dedicated lodging tax	1,800,000	1,900,000	2,200,000	2,350,000	150,000
MCC salary transfer	120,000	120,000	120,000	120,000	0
Minneapolis Unwrapped	50,000	50,000	50,000	50,000	0
Neighborhood marketing (Riverfront)	50,000	50,000	50,000	50,000	0
Sister city efforts	0	50,000	50,000	50,000	0
Subtotal city revenue	6,930,000	7,080,000	7,380,000	7,530,000	150,000
Annual 2 nd quarter adjustment for actual 1% lodging tax receipts	308,614	45,900			
Total city appropriation	6,654,789	7,125,900	7,380,000	7,530,000	150,000
Total non-city revenue	1,992,375	2,216,720	1,891,600	1,900,000	8,400
Total Meet Minneapolis operational revenue	8,647,164	9,342,620	9,271,600	9,430,000	158,400

NOTE: In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (IDSS). Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project in 2005. In August, 2005, the loans were rolled together and a promissory note was issued for \$5 million. The City entered into a third loan agreement for \$5 million for additional IDSS start-up capital in April, 2006. The three loans were consolidated for a total of \$10 million. The \$10 million consolidated loan will have a ten-year amortization of principal, repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriations from the City funding, and profit from the IDSS. The balance of the loan through the first quarter of 2007 was nearly \$8.5 million and accrued interest of nearly \$92,000.

1% Dedicated Lodging Tax Projection: Effective April 1, 2002, the lodging tax increased from 2% to 3%. Proceeds from this 1% increase are transferred to Meet Minneapolis each year. 2003 was the first full year of this increase in receipts.

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 Meet Minneapolis; a negative variance would be deducted from Meet Minneapolis' contract. For example, in the second quarter of 2006, Meet Minneapolis received a \$45,900 payment to reconcile the difference between the 2005 projected revenue and the actual receipts received.

Current 1% lodging tax receipts: Revenues in 2008 are expected to be \$2.35 million.

MCC salary transfer: This is an annual \$120,000 salary transfer from the MCC sales department to Meet Minneapolis as a result of a merger in 2000.

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

Meet Minneapolis non-profit donations pass-through: Meet Minneapolis operates a nonprofit fund with the name of the Minneapolis Convention Fund for receiving private contributions for City events. This allows contributors to legally qualify for a tax deduction for conventions and national sporting events. The nonprofit initiates the donations. Receipts collected are transferred to City funds and paid back out to the beneficiary who is required to use the money for a dedicated purpose. Council action is required each year in accordance with tax law, to appropriate money to pay the funds back to the beneficiary.

Sister City: In 2006, the Mayor and Council added \$50,000 to the Meet Minneapolis contract to fund Sister City efforts.

Non-City Revenue: This item includes revenue from in-kind contributions, memberships, advertising, registration booths, commissions, the information center, trolley, programs and miscellaneous other sources.

Expenses	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget	Change
Convention sales	2,324,864	2,073,000	2,313,000	2,471,400	158,400
MCC sales	547,317	595,000	475,000	475,000	0
Marketing	2,812,042	2,242,000	2,246,500	2,246,500	0
Tourism	857,654	838,500	873,000	873,000	0
Services	979,165	881,500	873,000	873,000	0
Organizational general	0	1,151,700	1,170,800	1,170,800	0
Visitor info center	202,653	156,500	100,000	100,000	0
Publications/advertising	316,581	226,572			0
Memberships/sponsorship	257,510	275,831	574,900	574,900	0
Administration	1,118,587	786,920	645,400	645,400	0
ASAE 2004*	1,128,857	0	0	0	0
Total Expenses	\$9,429,197	9,342,620	9,271,600	9,430,000	158,400

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

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no changes to the Meet Minneapolis base budget.

COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's budget as recommended without change.

MUNICIPAL BUILDING COMMISSION

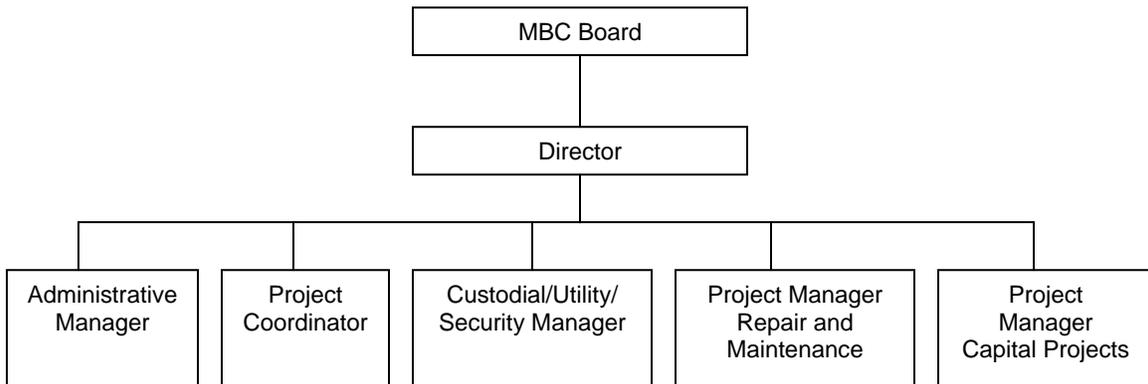
MISSION

The mission of the Municipal Building Commission is to provide effective and efficient services to operate, maintain, and preserve the Minneapolis City Hall and Hennepin County Courthouse, and to ensure a safe and functional environment for City and County government employees, citizens and elected officials.

BUSINESS LINES

- **Care of the Minneapolis City Hall and Hennepin County Courthouse Building:** Operating, maintaining and preserving the building through custodial service, utility service, repair and maintenance, preventive maintenance activities, and capital improvements.
- **Control of the Minneapolis City Hall and Hennepin County Courthouse Building:** Staffing the MBC board, implementing board directives, coordinating space assignment, and meeting City and County tenant needs and management functions including planning, labor relations, emergency preparedness, security, communications, human resources, information technology, contract services, finance, accounting, payroll, and operating and capital budgeting activities.
- **Historic Preservation of the Minneapolis City Hall and Hennepin County Courthouse:** The MBC was founded 1904 and became responsible for historical preservation activities of the buildings in 2006. These activities include carrying out all operating and capital activities to keep with the agency's mission of providing effective and efficient services to operate, maintain and preserve this landmark building, and ensuring a safe and functional environment for government employees, citizens, and elected officials. MBC service activities under this business line include space rental operation, catering, café/deli operation, and vending/miscellaneous sales revenues.

ORGANIZATION CHART



What key trends and challenges does the department face and how will each be addressed?

Mechanical and life safety systems (MLSS) upgrade project: The MLSS is a 23-stage, multi-year project initiated in 1999. The project involves updating heating, ventilation, air conditioning, and life safety systems in the City Hall and Courthouse building. Objectives of the project are to install life safety components that have not existed previously, and to replace tattered and failing systems before they collapse and leave the building unusable for City and County personnel. The project scope was spread out over a twelve year period to match funding availability.

City rate model charges, utility costs and other budget constraints: City general fund overhead rate model charges have significant impacts on the MBC budget. Projected charges for the MBC total close to \$300,000 annually. Annual agency budget increases have been under \$300,000 for the last two budget cycles and are used solely to fund growth in salary, fringes and utility costs. Much needed increases in non-personnel areas such as paper, cleaning supplies, parts and supplies for building equipment and systems, tools, and education/tuition reimbursement have not been possible for several years, resulting in cost reductions in these areas in terms of inflation. The agency does not have the capacity to absorb additional spending for City general fund overhead rate model charges and disputes several of the service charges. Furthermore, the MBC has not had an opportunity to provide input on service levels and related costs. For example, current versions of City rate model charges include services the MBC has been excluded from utilizing.

Costs for utilities – electricity, heating, and cooling – have been growing at a rate above agency appropriation increases. While various project works in the building are creating efficiencies in the area of energy consumption, market rate costs for these services continue to rise beyond the control of the MBC. In addition, several City departments in the building have installed independent cooling units for rooms housing specialized computer equipment resulting in higher usage in this area. Minor funding increases have been made to the utilities line item within the parameters of annual budget guidelines; however, additional funding is needed in this area to fully support these expenses.

The City Hall and Courthouse building is a 100+ year-old facility with special needs and a unique work environment. The need for attracting and retaining high quality, hard working, knowledgeable and conscientious staff is becoming more crucial. Current staffing levels are not able to keep pace with agency workloads. After several years of budget reductions coupled with minor appropriation increases, staffing reductions are not feasible and would result in reduced or potentially eliminated services.

Outdated systems and historic nature of the building strain resources: During the 1970s and 1980s, various maintenance activities in the building were postponed. As a result, many systems and equipment pieces in the building were not maintained properly or were not replaced according to standard industry practices. This has resulted in old systems and equipment, and in some cases they are on the verge of breaking down. Current resource levels are not adequate to fully support and keep pace with the MLSS project, routine repair and maintenance, and preventive maintenance. MBC staff is forced to deal reactively to system and equipment failures, which is more costly and time consuming. The historic nature of the building also adds complexity to agency work activities since modern systems and equipment are not always easily incorporated without specialized processes and implementation methods.

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 instituting trained security personnel. To ensure the safety of tenants, visitors and property, continuation of the agency's security program is imperative. The MBC has completed initial security enhancements through a Homeland Security grant. These included the transition to an updated digital access and video control system, installation of a fiber backbone to allow for future system expansion, installation of a new security equipment room, design and installation of an equipment cooling room, and installation of duress/intrusion alarms, perimeter cameras and video recording equipment. All of these devices can be monitored by the Hennepin County Security Operations Center. The MBC has submitted a proposal for additional Homeland Security grant funding.

Workforce diversity: The MBC recognizes the importance of developing and maintaining a diverse work staff to parallel the diverse communities in which MBC employees work and live. MBC staff has been successful with its attempt to diversify the staff by hiring people of color and female candidates. The agency has also been very successful in receiving a diverse pool of job applicants for unfilled positions.

What actions will the department take to meet five-year financial direction?

The MBC has implemented various strategies to meet its annual budget. In past budget cycles, several line items have been reduced and most non-personnel expense categories have remained flat, essentially translating into lost funding when inflation is considered. The agency has reduced its workforce by 19 percent since 1999 from 74 positions down to 62 positions that care for and maintain the buildings and respond to tenant service needs. New revenue generation programs have been implemented. In addition, staff routinely applies for various energy-related rebates and grant funding, where applicable and feasible.

FINANCIAL ANALYSIS

EXPENDITURE

The 2008 MBC budget is \$8 million, a 3.9% increase. The largest percentage increase is in operating costs and the largest dollar increase occurs in salaries and wages.

REVENUE

MBC's 2008 revenues are budgeted at \$8 million, a 3.6% increase. It will receive \$4.1 million in property tax revenue, a 4% increase over the 2007 adopted budget.

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no change to MBC's 2008 budget proposal.

COUNCIL ADOPTED BUDGET

The Council concurred with the Mayor's recommendation.

**MUNICIPAL BUILDING COMMISSION
EXPENDITURE AND REVENUE INFORMATION**

	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget	Percent Change	Actual Change
Special Revenue Funds						
Salaries and Wages	2,726,217	2,924,049	3,224,017	3,314,547	2.8%	90,530
Contractual Services	2,698,519	2,893,879	2,537,635	2,592,347	2.2%	54,712
Operating Costs	588,053	601,004	577,660	656,361	13.6%	78,701
Fringe Benefits	1,037,820	1,095,810	1,344,598	1,421,596	5.7%	76,998
Equipment	55,453	16,981	6,000	2,000	-66.7%	-4,000
Transfers		180,000				
Total Expenditure	7,106,062	7,711,724	7,689,910	7,986,851	3.9%	296,941
Property Taxes	3,496,510	3,650,599	3,932,315	4,089,608	4.0%	157,293
Sales and Other Taxes	304	346				
State Government	403,656	428,182	252,275	247,515	-1.9%	-4,760
Charges for Service	3,161,751	3,330,786	3,479,839	3,602,533	3.5%	122,694
Charges for Sales	101,664	71,281	2,200	2,200	0.0%	0
Interest		42				
Rents	64,009	80,760	50,000	50,000	0.0%	0
Other Misc Revenue	3,065	1,053	600	600	0.0%	0
Total Revenue	7,230,960	7,563,049	7,717,229	7,992,456	3.6%	275,227

STAFFING INFORMATION

FTE's by Cost Center	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	% Change	Change
Administration	5.5	6.0	6.0	6.0	0.0%	0.0
Custodial & Security	34.5	34.0	34.0	34.0	0.0%	0.0
Repair & Maintenance	17.0	17.0	17.0	17.0	0.0%	0.0
Adult Detention Center	1.0	1.0	2.0	2.0	0.0%	0.0
Work for Others	3.0	3.0	3.0	3.0	0.0%	0.0
Total FTEs	61.0	61.0	62.0	62.0	0.0%	0.0

NEIGHBORHOOD REVITALIZATION PROGRAM

MISSION

Improve the quality of life and livability in the City by revitalizing its neighborhoods and making them better places to live, work, learn and play.

GOALS

To accomplish its mission, the NRP adopted the following four goals for Phase I:

- Build neighborhood capacity;
- Redesign public services;
- Create a sense of community and place; and
- Increase intra- and intergovernmental collaboration.

In addition to these goals, the teamwork's evaluation report on Phase I identified the following three goals:

- Improve the lives of the citizens of Minneapolis and enhance neighborhood stability;
- Bring neighborhoods to a level at which they will attract private investment; and
- Improve the physical characteristics of neighborhoods, especially as embodied in infrastructure and housing.

Keeping in view the changed environment for the NRP and its participating jurisdictions, the Policy Board adopted the following six Goals for Phase II:

- Create a greater sense of community so people who live, work, learn and play in Minneapolis have an increased sense of commitment to and confidence in their neighborhood and City;
- Sustain and enhance neighborhood capability in order to strengthen civic involvement of all members of the community;
- Ensure neighborhood-based planning remains the foundation of the program, is informed, and leads to innovative approaches;
- Strengthen partnerships among neighborhoods and jurisdictions to identify and accomplish shared City-wide goals;
- Ensure government agencies learn from and respond to neighborhood plans so public services ultimately reflect neighborhood priorities; and
- Develop and support life cycle housing citywide through the preservation of existing housing and new construction by reaffirming the commitment to the state mandate that 52.5% of NRP funds be spent on housing.

BUSINESS LINES

- **Assist neighborhoods with development of Neighborhood Action Plans (NAPs):** NAPs are the building blocks of the NRP program and are developed and written by the neighborhoods. Each NAP provides a vision for the neighborhood, identifies priorities for achieving that vision, and proposes specific implementation strategies. The NRP statute requires NAPs be prepared and approved before any NRP expenditures occur. NRP staff provide guidance on development of NAPs, monitor the public participation process, and help the neighborhood obtain needed professional or technical support during the process.
- **Review, modify and approve NAPs prepared by neighborhoods:** During the development and drafting of the NAP, NRP staff helps neighborhoods obtain needed support, information and perspectives from public and nonprofit staff with knowledge of the

subject areas of concern to the neighborhood. After the neighborhood approves its draft NAP, the plan is reviewed by NRP staff and forwarded to City staff for comments and to NRP's external counsel for a legal opinion on conformance with the NRP statute.

- **Oversee, monitor and evaluate implementation of approved NAPs and their strategies:** The City Attorney has opined that NRP staff cannot manage implementation contracts for strategies contained in a NAP unless they are for planning, oversight or evaluation. NRP staff serve as contract administrators for the neighborhood organization activities associated with these functions and develop the scopes of service and budgets for the contracts. In this role, they review reimbursement requests, monitor performance and ensure that implementation of the plan is occurring as approved.

NRP staff coordinate governmental and private efforts in the development of other needed contracts and implementation of NAPs. They serve as the contact for the involvement and participation of appropriate implementing departments, private for-profit and nonprofit vendors, and jurisdictions.

NRP staff work with neighborhoods and these organizations to clearly define the approved programs, projects, services or activities, and to draft appropriate scopes of service, program guidelines, and budgets prior to preparation of contracts or agreements.

- **Manage NRP's financial resources and expenditures:** NRP is responsible for expenditures of NRP funds and management of public resources provided to the program. NRP monitors and evaluates program activities and expenditures to ensure consistency with approved contracts and strategies in NAPs.

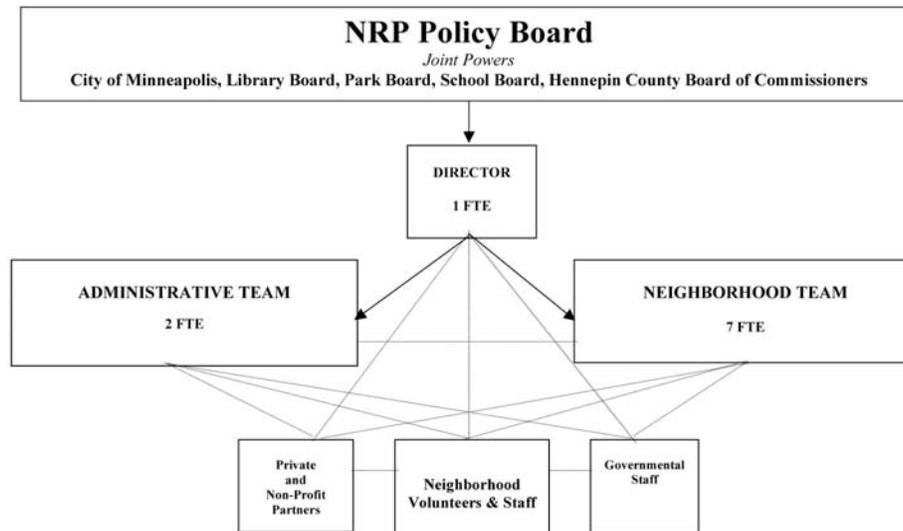
In addition, NRP works to minimize administrative costs for its central office and the neighborhoods by initiating group purchase discounts, special professional service arrangements, and elimination of duplicate activities.

One of the most important results to be achieved is meeting the statutory mandate that states 52.5% of all NRP funds are to be spent on housing, housing-related projects, services or activities.

- **Educate, inform and train residents for participating effectively in neighborhood improvement efforts:** Training and development is necessary to create new and informed leaders, a greater sense of community, increase civic involvement, and make it possible for meaningful partnerships between neighborhood organizations and government jurisdictions. NRP offers training that provides neighborhood volunteers and staff with specific skills designed to help create and maintain healthy organizations. Workshops are offered on a regular basis and upon request to individual neighborhoods.

ORGANIZATION CHART

2007 NEIGHBORHOOD REVITALIZATION PROGRAM STAFF ORGANIZATIONAL CHART



What key trends and challenges does the department face and how will each be addressed?

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 additional investments by public and private sources. In Elliot Park alone, the neighborhood's investment of \$4.4 million from NRP helped leverage over \$151 million of new development in that neighborhood. As improvement has occurred, however, the perceptions of need and the urgency attached to continuing NRP have changed.

In addition, government, at all levels, has had to cope with having fewer resources to provide the services needed to meet the continually changing requirements of residents, businesses and neighborhoods. State tax law changes adopted in 2001 and a more negative public attitude toward government, in general, have greatly reduced the revenues available for Phase II from the Common Project. Actions taken by the City Council and Mayor in 2003, 2005 and 2006 further depleted this resource.

Phase II was initially planned to begin in 2001. On February 24, 2001 more than 400 residents braved one of that winter's worst storms to celebrate neighborhood achievements in Phase I, honor exemplary projects and receive information and training that would help them in Phase II. With the tax law changes adopted by the legislature in 2001, NRP had to place implementation

of Phase II on hold. Residents and neighborhoods that had expected to seamlessly move into Phase II as they completed their Phase I plans were forced to wait, and uncertainty about resource availability led to questions about the City's commitment, the value of resident-based planning, and the interest in resident participation.

As the time required to answer the questions about future revenues grew longer, residents turned their attention to other areas of interest, neighborhoods lost volunteers, projects were placed on hold or canceled 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 were encouraged to recommit to their neighborhood and the City, based on this renewed commitment to NRP. The newest Common Project revenue projections from the City have returned neighborhoods to the uncertainty of 2001.

The funding available for Phase II has changed dramatically over the past seven years. In June 2000, as NRP was about to begin its second decade, City officials 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 in 2001 and the results from the Brookfield loan negotiations, the revenues available from the Common Project dropped to less than \$85 million. The City released new projections for Common Project revenues in April, 2007. This time, the projections show future revenues of only \$66.5 million. The immediate problem is that these projections will not allow NRP to fund even the 70% of Phase II neighborhood allocations that are being committed during the first three-year of plan implementation.

Previously, the issue was "Should NRP continue after 2009 and, if so, in what form?" Now a more immediate question needs to be addressed: "Does the NRP want to find the resources to meet its Phase II commitments to residents and neighborhoods?" The total for all NRP related expenditures in 2006 was less than 6/10ths of one percent of the City's 2006 Budget. Neighborhoods have kept their part of the bargain by accepting fewer resources in Phase II and still working to improve participation and adopt plans to address their priorities. They reviewed results from Phase I, researched resident issues, gathered and analyzed data, created work groups and committees to develop strategies for Phase II NAPs, and drafted, discussed, reviewed, and finally approved Phase II plans.

NRP's revenue stream officially ends in 2009. After that date, there is presently no commitment to any future investment in neighborhood improvement. Unless a plan for the future is implemented that includes resources for neighborhood priorities, NRP will meet its promise to close its doors on December 31, 2009.

FINANCIAL ANALYSIS

EXPENDITURE

The neighborhood revitalization program's 2008 budget of \$1.7 million reflects a 5.6% decrease in expenditures from the 2007 adopted budget. Contractual services expenses account for about 50% of the budget and NRP's staffing level decreases by one position.

REVENUE

NRP's entire revenue budget originates from the state and is budgeted be \$1.7 million in 2008. This amount is slightly less than the 2006 actual amount received from the state. In 2007, no revenue was received from the state to fund the NRP program.

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no change to the NRP's budget proposal.

COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommendation without change to the NRP's budget proposal.

NEIGHBORHOOD REVITALIZATION PROGRAM - ADMINISTRATION Staffing Information

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	Percent Change	Change
Total FTE's	12.00	10.00	10.00	9.00	-10.00%	-1.00

NEIGHBORHOOD REVITALIZATION PROGRAM EXPENDITURE AND REVENUE INFORMATION

	2005 Actual	2006 Actual	2007 Adopted	2008 Adopted	Percent Change	Change
Special Revenue Funds						
Salaries and Wages	\$624,579	\$619,626	\$631,500	\$580,475	-8.1%	-\$51,025
Contractual Services	\$764,168	\$836,991	\$882,139	\$848,476	-3.8%	-\$33,663
Operating Costs	\$108,227	\$96,351	\$94,800	\$83,050	-12.4%	-\$11,750
Fringe Benefits	\$141,382	\$141,671	\$156,800	\$155,000	-1.1%	-\$1,800
Equipment	\$3,942	\$9,203	\$4,250	\$3,500	-17.6%	-\$750
Total Expenditure	\$1,642,298	\$1,703,843	\$1,769,489	\$1,670,501	-5.6%	-\$98,988
State Government	\$1,665,355	\$1,646,775	\$0	\$1,661,925	100.0%	\$1,661,925
Other Misc Revenues	\$55,978	\$29,957				
Total Revenue	\$1,721,333	\$1,676,732	\$0	\$1,661,925	100.0%	\$1,661,925

PARK BOARD

MISSION

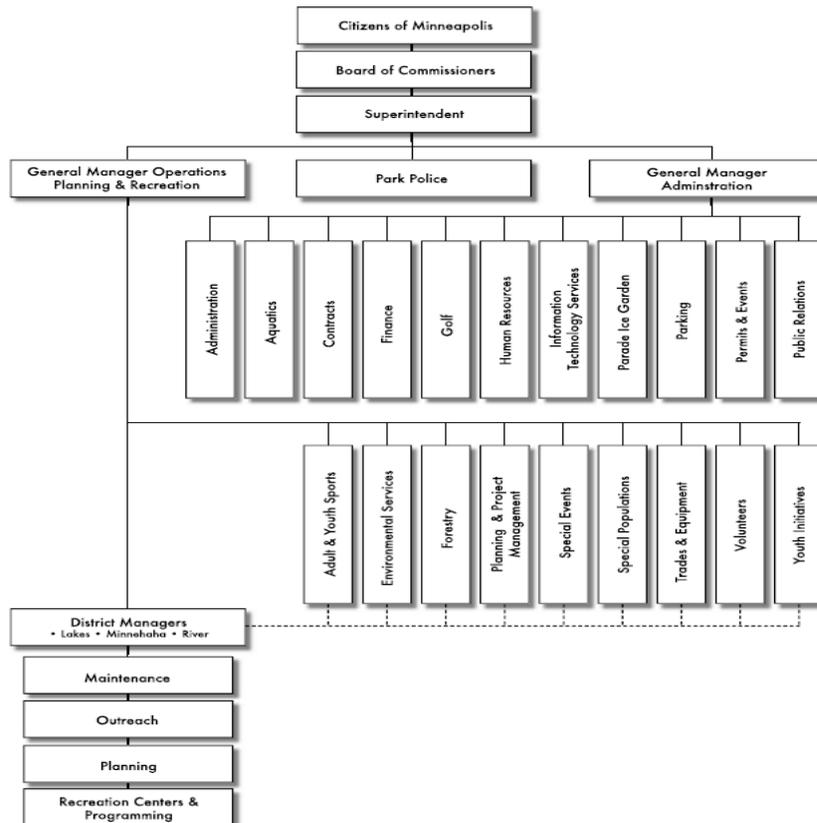
Strives to permanently preserve, protect, maintain, improve and enhance the City's parkland and recreational opportunities.

- **Environment:** Make the park and recreation system an outstanding example of balance, sound conservation, and ecological practice that leads the way for a healthy environment.
- **Recreation:** Ensure recreational opportunities that contribute significantly to the quality of life for Minneapolis residents.
- **Community:** Foster a sense of community, which promotes respect for and participation in community life.

BUSINESS LINES

- | | |
|---|--|
| <ul style="list-style-type: none"> • Park Administration • Planning • After School Program • Environmental • Equipment Supply • Forestry • Information Technology Services | <ul style="list-style-type: none"> • Park Maintenance • Parkway Maintenance • Park Police • Recreation Division • Park Rehabilitation • Special Services |
|---|--|

ORGANIZATIONAL CHART



FINANCIAL ANALYSIS

EXPENDITURE

The 2008 Park Board budget is \$77.9 million, a 4.4% increase over the 2007 adopted budget. Approximately 66% of the budget expenses account for personnel expense. Personnel costs increase by \$2.1 million or 4% with salary expense increasing by 3.8%. There is no change in the number of positions (901.7 positions).

REVENUE

In 2008, Park Board revenues are projected to increase by 3.8% over the 2007 adopted budget. Property tax is the single largest source of income for the Park Board with 53% of the total revenues coming from it. Expected revenue through property tax is anticipated to increase by 4.2% compared to the 2007 adopted budget. Other major sources of revenue are state government funding (14%), charges for services (18%) and rents (8%).

FUND ALLOCATION

16% of the expense budget is funded by the enterprise funds, 10% by the internal service funds and 74% by the special revenue funds.

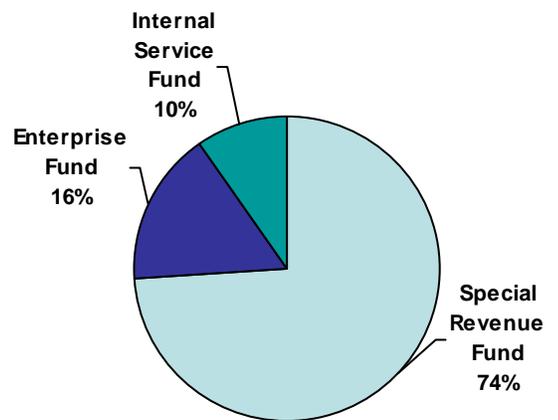
MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no change in the Board's budget proposal.

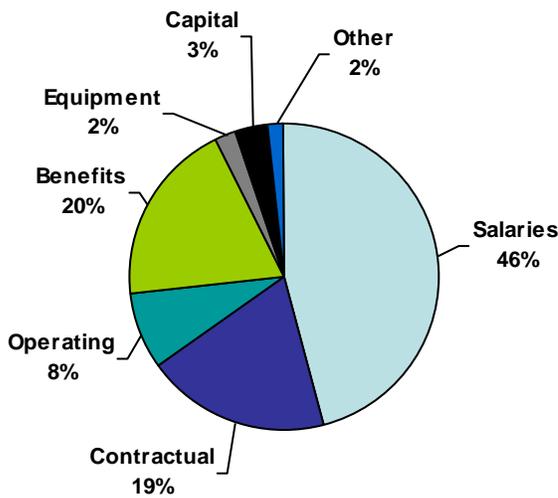
COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommendation without modification.

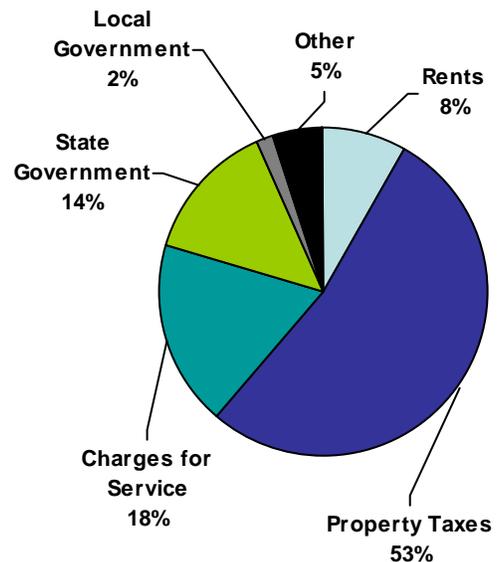
Expenditures by Fund (\$77.9 million)



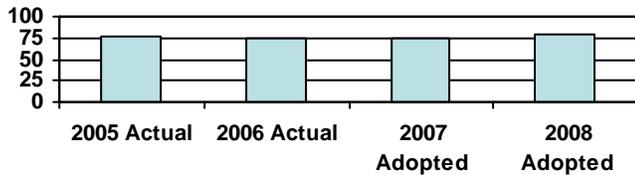
Expenditures by Type (\$77.9 million)



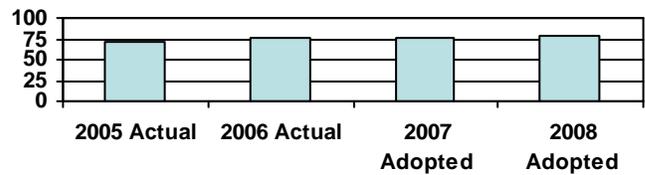
Revenue by Type (\$77.6 million)



Expenditures 2005-2008
(in millions)



Revenues 2005-2008
(in millions)



PARK AND RECREATION BOARD

Staffing Information

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	% Change	Change
FTE's by Division						
Administration	31.95	32.95	33.95	33.95	0.00%	-
Environmental Operations	17.90	17.90	17.90	17.90	0.00%	-
Park Maintenance	211.28	221.67	212.99	212.99	0.00%	-
Police	59.59	58.59	58.59	58.59	0.00%	-
Planning	14.00	10.50	10.50	10.50	0.00%	-
Forestry	95.06	97.06	97.06	97.06	0.00%	-
Special Services	124.68	103.33	104.44	104.44	0.00%	-
Information Technology System	8.00	8.00	8.00	8.00	0.00%	-
Equipment	16.41	18.76	18.65	18.65	0.00%	-
Citywide Recreation	302.79	300.87	299.71	299.71	0.00%	-
Teen Teamworks	25.75	25.75	25.75	25.75	0.00%	-
Self-Insurance Revolving	0.50	0.50	0.50	0.50	0.00%	-
Park Rehabilitation	-	11.50	11.50	11.50	0.00%	-
Neiman Complex	-	1.17	1.17	1.17	0.00%	-
Supplies Revolving	-	1.00	1.00	1.00	0.00%	-
Total FTE's	907.91	909.55	901.71	901.71	-	-

PARK BOARD

EXPENDITURE AND REVENUE INFORMATION

	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget	% Change	Change
All Funds						
Total Expenditure	\$76,261,364	\$74,924,579	\$74,478,928	\$77,907,517	4.4%	\$3,428,589
Total Revenue	\$70,846,924	\$75,305,763	\$74,677,935	\$77,607,518	3.8%	\$2,929,583
Special Revenue Funds						
Salaries and Wages	\$28,630,746	\$28,747,776	\$28,695,088	\$29,921,754	4.1%	\$1,226,666
Equipment Labor			\$6,791	\$3,427	-98.2%	-\$3,364
Contractual Services	\$10,930,987	\$10,788,327	\$10,541,409	\$10,365,038	-1.7%	-\$176,371
Operating Costs	\$3,255,466	\$3,484,475	\$2,756,678	\$2,855,469	3.5%	\$98,791
Fringe Benefits	\$9,179,164	\$9,985,370	\$11,188,938	\$11,765,843	4.9%	\$576,905
Equipment	\$420,344	\$430,369	\$298,391	\$251,848	-18.5%	-\$46,543
Capital Outlay	\$259,102	\$34,813		\$1,230,000	100.0%	\$1,230,000
Debt Service	\$3,086,048					
Transfers	\$1,759,620	\$2,378,761	\$1,417,260	\$1,100,000	-28.8%	-\$317,260
Total Expenditure	\$57,521,477	\$55,849,891	\$54,904,555	\$57,493,379	4.5%	\$2,588,824

Special Revenue Funds			2007 Adopted		2008 Adopted	
	2005 Actual	2006 Actual	Budget	Budget	% Change	Change
Property Taxes	\$34,488,378	\$36,181,940	\$39,205,673	\$40,942,461	4.2%	\$1,736,788
Sales and Other Taxes	\$3,000	\$3,428	\$3,000	\$3,000	0.0%	\$0
Licenses and Permits	\$100,056	\$146,329	\$99,000	\$109,000	9.2%	\$10,000
Federal Government		\$5,151				
State Government	\$12,014,812	\$13,764,685	\$10,769,903	\$10,763,205	-0.1%	-\$6,698
Local Government	\$1,129,384	\$1,121,792	\$623,790	\$1,228,790	49.2%	\$605,000
Charges for Service	\$2,150,542	\$2,034,187	\$2,117,347	\$2,301,661	8.0%	\$184,314
Charges for Sales	\$16,387	\$1,659	\$2,000	\$2,000	0.0%	\$0
Fines and Forfeits	\$519,155	\$551,629	\$557,500	\$593,500	6.1%	\$36,000
Interest		\$275				
Rents	\$738,224	\$607,085	\$519,642	\$743,062	30.1%	\$223,420
Contributions	\$462,475	\$375,162	\$102,500	\$202,500	49.4%	\$100,000
Other Misc Revenues	\$107,421	\$35,456	\$9,200	\$9,200	0.0%	\$0
Operating Transfers In	\$579,410	\$515,542	\$495,000	\$295,000	-67.8%	-\$200,000
Total Revenue	\$52,309,242	\$55,344,320	\$54,504,555	\$57,193,379	4.7%	\$2,688,824
Enterprise Funds						
Salaries and Wages	\$4,291,884	\$4,336,177	\$4,057,998	\$4,145,910	2.1%	\$87,912
Contractual Services	\$4,083,552	\$4,032,725	\$3,739,311	\$3,972,192	5.9%	\$232,881
Operating Costs	\$1,809,476	\$1,989,716	\$1,801,197	\$1,780,014	-1.2%	-\$21,183
Fringe Benefits	\$1,108,248	\$1,185,556	\$1,060,008	\$1,218,754	13.0%	\$158,746
Equipment	\$324,288	\$128,577	\$75,039	\$84,291	11.0%	\$9,252
Capital Outlay	\$169,996	\$736,732	\$675,000	\$1,462,723	53.9%	\$787,723
Debt Service		\$17,715	\$71,500	\$97,800	26.9%	\$26,300
Transfers	\$295,000	\$295,000	\$295,000		-100.0%	-\$295,000
Total Expenditure	\$12,082,444	\$12,722,197	\$11,775,053	\$12,761,684	7.7%	\$986,631
Local Government		\$4,225				
Charges for Service	\$9,718,635	\$9,942,330	\$10,524,147	\$10,845,908	3.0%	\$321,761
Fines and Forfeits		\$50,455	\$100,000	\$3,000	-3233.3%	-\$97,000
Interest		\$10				
Rents	\$1,509,682	\$1,747,735	\$1,687,913	\$1,855,276	9.0%	\$167,363
Contributions	\$342,883	\$596,832	\$50,000	\$50,500	1.0%	\$500
Other Misc Revenues	\$8,019	\$11,622	\$12,000	\$7,000	-71.4%	-\$5,000
Operating Transfers In	\$48,913	\$24,411				
Total Revenue	\$11,628,132	\$12,377,619	\$12,374,060	\$12,761,684	3.0%	\$387,624
Internal Service Funds						
Salaries and Wages	\$1,504,604	\$1,693,575	\$1,694,514	\$1,722,223	1.6%	\$27,709
Contractual Services	\$515,803	\$509,864	\$457,974	\$472,351	3.0%	\$14,377
Operating Costs	\$1,218,875	\$1,344,464	\$2,074,376	\$1,712,226	-21.2%	-\$362,150
Fringe Benefits	\$2,048,441	\$1,778,290	\$2,288,151	\$2,305,636	0.8%	\$17,485
Equipment	\$1,338,084	\$1,026,297	\$1,274,305	\$1,430,018	10.9%	\$155,713
Capital Outlay	\$31,635		\$10,000	\$10,000	0.0%	\$0
Total Expenditure	\$6,657,443	\$6,352,491	\$7,799,320	\$7,652,454	-1.9%	-\$146,866
Charges for Service	\$893,032	\$966,608	\$1,553,019	\$1,125,203	-38.0%	-\$427,816
Charges for Sales	\$496,672	\$510,392	\$120,820	\$120,820	0.0%	\$0
Gains	-\$23,942					
Rents	\$3,224,175	\$3,483,225	\$3,575,260	\$3,829,606	6.6%	\$254,346
Contributions	\$245,864	\$177,419				
Other Misc Revenues	\$2,073,750	\$2,316,179	\$2,550,221	\$2,576,826	1.0%	\$26,605
Operating Transfers In		\$130,000				
Total Revenue	\$6,909,550	\$7,583,824	\$7,799,320	\$7,652,455	-1.9%	-\$146,865

PUBLIC HOUSING AUTHORITY

MISSION

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 communities it serves.

ORGANIZATION CHART



FINANCIAL ANALYSIS

Sources & Uses	2005 Actual	2006 Actual	2007 Adopted Budget	2008 Adopted Budget
<i>Sources:</i>				
Tax Levy	\$1,091,000	\$1,169,859	\$1,192,320	\$1,240,013
CDBG Rehab	\$313,000	\$297,338	\$228,000	\$228,000
CDBG Citizen Participation	\$98,000	\$93,395	\$71,000	\$71,000
PILOT	\$308,000	\$295,000	\$100,000	\$330,000
<i>Uses:</i>				
Security Services	\$1,712,000	\$1,762,197	\$1,522,320	\$1,798,013
Citizen Participation	\$98,000	\$93,395	\$71,000	\$71,000

Tax levy: MPHA is classified as an independent board. The full tax levy amount is \$1,265,319.

PILOT: Under state statute, MPHA is exempt from real and personal property taxes, but through the cooperation agreement with the City, the 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.

City services: MPHA operates on a pay-as-you-go basis for City services utilized.

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended no changes to MPHA's proposed budget.

COUNCIL ADOPTED BUDGET

The Council has adopted the Mayor's recommendation and made no changes to MPHA's proposed budget.

MINNEAPOLIS PUBLIC HOUSING AUTHORITY Staffing Information

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	Percent Change	Change
Total FTE's	319.00	315.00	287.00	290.00	1.05%	3.00

YOUTH COORDINATING BOARD

MISSION

Dedicated to promoting the healthy, comprehensive development of Minneapolis children and youth ages 0-20 through collaborative action and policy alignment.

GOALS AND STRATEGIC ACTIVITIES

The YCB has three primary goals for 2008:

1. *Ensuring that all Minneapolis children enter kindergarten ready to learn.* Strategic activities related to this goal include using parent liaisons to do outreach to disengaged families and applying components of the Harlem Children's Zone, as well as funding a nurse at Head Start in 2008.
2. *Ensuring that all Minneapolis children and youth succeed in school.* Strategic activities related to this goal include supporting Family Connections Centers in Minneapolis Public Schools, increasing parent and community engagement in learning outcomes, and continuing as an active partner in the Minneapolis Redesign.
3. *Ensuring that all Minneapolis children and youth are prepared for the opportunities and challenges of adolescence and adulthood.* Strategic activities related to this goal include participation in joint planning efforts between parks, libraries and schools, increasing youth participation in positive activities, providing safe transportation to after-school opportunities, and facilitating the Minneapolis Youth Congress.

The YCB also has infrastructure goals related to developing capacity to address policy issues affecting Minneapolis children and youth, educating legislators on related policy matters, and disseminating information on such issues.

FINANCIAL ANALYSIS

EXPENDITURE

The adopted 2008 budget for the YCB is \$1.9 million, a 1% decrease from the 2007 adopted budget.

REVENUE

The YCB's 2008 revenue budget is \$1.9 million, a 1% decrease from the 2007 adopted budget.

MAYOR'S RECOMMENDED BUDGET

The Mayor had recommended increases the YCB's contract by \$150,000 to fund the Youth Are Here buses (\$100,000 from Community Development Block Grant funding and \$50,000 from the General Fund).

COUNCIL ADOPTED BUDGET

The adopted budget increases the YCB's contract by \$75,000 to fund the Youth Are Here buses (\$75,000 from Community Development Block Grant funding).

**YOUTH COORDINATING BOARD
Staffing Information**

	2005 Adopted Budget	2006 Adopted Budget	2007 Adopted Budget	2008 Adopted Budget	Percent Change	Change
Total FTE's	4.50	4.50	4.50	5.50	22.22%	1.00

**YOUTH COORDINATING BOARD
EXPENDITURE AND REVENUE INFORMATION**

	2005 Actual	2006 Actual	2007 Adopted	2008 Adopted	Percent Change	Change
Special Revenue Funds						
Salaries and Wages	\$253,973	\$218,278	\$336,560	\$516,095	34.8%	\$179,535
Contractual Services	\$4,085,749	\$2,957,548	\$1,605,090	\$1,419,050	-13.1%	-\$186,040
Operating Costs	\$15,333	\$17,327	\$24,100	\$13,900	-73.4%	-\$10,200
Fringe Benefits	\$50,140	\$48,595				
Equipment	\$46					
Total Expenditure	\$4,405,242	\$3,241,748	\$1,965,750	\$1,949,045	-0.9%	-\$16,705
Federal Government	\$874,057	\$943,818	\$64,803	\$64,803	0.0%	\$0
Local Government	\$3,652,720	\$2,196,255	\$1,576,847	\$1,329,242	-18.6%	-\$247,605
Gains			\$20,000	\$25,000	20.0%	\$5,000
Rents	\$12,000	\$12,000				
Contributions	\$100,000	\$135,000	\$300,000	\$530,000	43.4%	\$230,000
Other Misc Revenues	\$6,188	\$986	\$5,000		-100.0%	-\$5,000
Total Revenue	\$4,644,965	\$3,288,059	\$1,966,650	\$1,949,045	-0.9%	-\$17,605