City of Minneapolis
2010 Revised Budget

Ten-Year Projection of Demands on the Property Tax

Background

The ten-year projection was first produced in the spring of 2002 to surface all the demands on the property tax to which the City had committed. This projection led to adoption of the 8% maximum property tax policy in the 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 department business plans. This policy was amended in 2010 to fund shared costs and provide a consistent current service level adjustment for the City and independent boards.

Assumptions in the Ten-Year Projection

For complete details on the financial challenges the City faces, please refer to the schedule of projected demands on the property tax:

General Fund Operations Assumptions

- A 2.5% wage increase is funded from new resources through 2015.
- 16% annual increases in health insurance premiums.
- Non-personnel increases are assumed to be 3.5% each year.
- No increase in departmental and citywide revenue (except for regulatory services revenues which are expected to increase by 3%). Please see the discussion in the 2011-2015 five-year financial direction, earlier under this same tab, for more information by department. Internal Service Funds financial plans are phased out according to the schedule adopted in March 2008.
- Reductions to general fund operations are needed in 2010 and 2011. Levy limits led the City to accelerate cuts planned for 2011 in the original adopted budget. Additional cuts are needed in 2011.
- Commitments for the library are included in the general fund. In 2010 and beyond, the property tax levy for operations are levied by the County.

Capital and Debt Assumptions

- The bond redemption levy supports the net debt bond capital program. The level shown in the out years reflect the capacity provided in the 2010-2014 capital budget.

Independent Boards and Special Levies Assumptions

- Park Board, Municipal Building Commission, Public Housing Authority and the Board of Estimate and Taxation all receive the same percentage increase to operating levies as the City (please see the financial overview and financial policies for more information. The Boards are no longer held harmless from the effects of levy limits).
- Pension obligations are funded in each year of the projection. Projections include an increase to fund the City's share of obligations related to the merger of MERF into PERA, beginning in 2012.

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund Less Pension Mgnt Plan	*15.7*	*3.6*	*15.4*	*10.8*	*9.7*	*7.8*	*16.7*	*15.2*	*20.5*	*22.5*	*24.3*
Subtotals	**15.7**	**3.6**	**15.4**	**10.8**	**9.7**	**7.8**	**16.7**	**15.2**	**20.5**	**22.5**	**24.3**
City Capital/Debt											
Permanent Improvement Fund	0.1	0.2	0.2	0.2	1.2	1.1	0.4	0.7	0.2	0.0	0.0
Bond Redemption Fund	(6.0)	2.7	(2.9)	1.5	4.4	6.2	(0.1)	0.8	0.5	(1.4)	(0.3)
Subtotals	**(5.9)**	**2.9**	**(2.7)**	**1.7**	**5.6**	**7.3**	**0.3**	**1.5**	**0.7**	**(1.4)**	**(0.3)**
City Totals	**9.8**	**6.5**	**12.7**	**12.6**	**15.3**	**15.1**	**17.0**	**16.7**	**21.2**	**21.1**	**24.0**
Independent Boards & Closed Pensions											
Board of Estimate & Taxation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Library Referendum Levy	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Park & Recreation Board	0.9	2.6	2.3	2.5	2.3	2.7	3.4	3.6	3.7	3.9	4.1
Municipal Bldg Commission	0.0	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4
Mpls Public Housing Authority	(1.3)	1.4	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Subtotal Independent Boards	**(0.3)**	**4.2**	**2.6**	**2.8**	**2.6**	**3.0**	**3.8**	**3.9**	**4.2**	**4.4**	**4.6**
Pension Mgmt Plan	2.5	13.7	3.2	4.5	3.2	2.6	1.2	2.6	(0.7)	0.7	(0.8)
Total Independent Bds & Closed Pensions	**2.1**	**17.9**	**5.8**	**7.2**	**5.8**	**5.6**	**5.0**	**6.6**	**3.5**	**5.1**	**3.8**
Total Increase in Property Tax Revenue	**11.9**	**24.3**	**18.5**	**19.8**	**21.0**	**20.7**	**22.0**	**23.3**	**24.7**	**26.2**	**27.7**
Strategies Needed to Balance Budget	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Incremental Tax Revenue	**$11.9**	**$24.3**	**$18.5**	**$19.8**	**$21.0**	**$20.7**	**$22.0**	**$23.3**	**$24.7**	**$26.2**	**$27.7**
Total Property Tax Revenue	**$255.5**	**$279.8**	**$298.4**	**$318.1**	**$339.2**	**$359.9**	**$381.8**	**$405.1**	**$429.8**	**$456.0**	**$483.7**
% Change	**4.89%**	**9.52%**	**6.63%**	**6.62%**	**6.62%**	**6.10%**	**6.10%**	**6.10%**	**6.09%**	**6.09%**	**6.08%**