City of Minneapolis
FY 2007 Budget

Table of Contents

Introductory Section
Elected Officials
Letter of Transmittal
Department/Agency Heads
Budget Principles
City-wide Organization Chart
Government Finance Officers Association
Distinguished Budget Presentation Award 2006

Section 1 - Table of Contents
Table of Contents i
How to Use This Document..... iii

Section 2 - Background Information
Community Profile 1
Minneapolis Communities and Neighborhoods Map 6
Form of Government 7
Chronology of Financial Decision Making 10

Section 3 – Strategic Planning
City Goals and Strategic Directions..... 11
Annual Budget Process 13
Integrating Key Processes for Budget..... 17
Department 2007-1011 Business Plan Strategies and Related City Goals..... 21
Business Planning Resolution..... 26

Section 4 - Financial Overview
Financial Overview 27
Property Tax Levy 50
Residential Property Taxes and Utility Fees – Sample Bills 52
Apartment, Commercial/Industrial Property – Sample Bills 54

Section 5 - Financial Policies
Financial Management Policies..... 55
Financial Planning and Policy Resolution: Independent Boards 80
Revised Neighborhood Revitalization Program Ordinance and Policy on Development Resources..... 84
Fund Descriptions..... 89

Section 6 - Financial Plans
5 Year Plan 2008-2012..... 94
Demands on the Property Tax: 10 Year Projection 105
General Fund 107
Special Revenue Funds
- Convention Center Special Revenue Fund... 115
- Community Planning and Economic Development Fund 122

Enterprise Activities
- Municipal Parking Fund 125
- Solid Waste and Recycling Fund 131
- Sanitary Sewer Fund 135
- Stormwater Fund 138
- Water Treatment and Distribution Fund 142

Internal Service Activities
- Public Works Stores Fund 146
- Engineering Materials and Testing Fund 149
- Intergovernmental Services Fund 152
- Equipment Fund 156
- Property Services Fund 160
- Self-Insurance Fund 164

Section 7 - Financial Schedules
Schedule 1 – Fund Summary and Changes to Fund Balance..... 168
Schedule 2 – Revenues by Fund and Type. 174
Schedule 3 – Expenditures by Fund and Agency 216
Schedule 4 – Community Development Block Grant Program 247
Schedule 5 – Summary of Positions by Department and Agency. 251
Schedule 6 – Community Planning and Economic Development Department – Housing Projects 255
Schedule 7 - Community Planning and Economic Development Department – Economic Development Projects..... 256
Schedule 8 – Interfund Transfers 257
Schedule 9 – Benefits Administration Fees 261
Schedule 10 – Business Information Services Budget Impact on City Departments 263
Schedule 11 – Equipment Division Impacts on City Departments 265

Section 7 continued – Financial Schedules

Schedule 12 – Property Services Impacts on City Departments 267
Schedule 13 – Potential Rent Charges by City Hall Department 268
Schedule 14 – General Fund Overhead 269

Section 8 - Capital Program

Capital Budget Narrative Overview 270
Glossary of Capital Terms & Abbreviations 280
2007 – 2011 Capital Resources 281
2007 Bond Redemption Levy for Capital Program 281
Property Tax Supported Capital Allocation 282
2007 – 2011 Council Adopted Capital Budget 283
Operating Cost Implications for 2007 Projects 288
Adopted Budget by Commission/Board/Department 300
Public Works Department Five-Year Capital Funding Summary 323
Utility Rates Structure 324
Miscellaneous Projects in the Five-Year Capital Program 325
Five-Year Capital Funding Summary 328
Five-Year Capital Investment Allocation 329
2007 – 2011 Capital Budget Decision Summary 330

Section 9 - City Council Operating Departments

Assessor 340
Attorney 346
City Coordinator Department
Total City Coordinator Summary Page 355
Administration 365
911/311 367
Business Information Services 374
Communications 381
Convention Center 387
Finance 392
Human Resources 399
Intergovernmental Relations 405
Regulatory Services 410
Civil Rights 421
Clerk/Elections/Council 429

Section 9 continued – City Council Operating Departments

Community Planning and Economic Development 436
Fire 450
Health and Family Support 458
Mayor 467
Police 469
Public Works 477
Total Public Works Summary Pages 477
Administration 487
Engineering Materials and Testing 489
Engineering Services 491
Equipment Services 494
Field Services 496
Property Services 500
Stormwater and Sewer Maintenance 503
Solid Waste and Recycling 505
Transportation 508
Water Treatment and Distribution 512

Section 10 - Independent Boards and Agencies

Board of Estimate and Taxation 514
Library Board 517
Meet Minneapolis 525
Municipal Building Commission 528
Neighborhood Revitalization Program 532
Park and Recreation Board 536
Public Housing Authority 540
Youth Coordinating Board 542

Section 11 – Glossary

Glossary of Terms 544

Section 12 – Resolutions

Council Resolutions 559

City of Minneapolis
FY 2007 Budget

How to Use This Document

The average printed budget book weighs four pounds. Printing of the book uses approximately a ream of paper per copy. But the budget book contents include some of the best sources of information on governmental activities as well as key financial information for policy makers and managers. The highlights below will guide the reader on where to find information in this book.

The different sections of the budget book give different views of the financial information and the policies and processes which lead to that information:

Introductory Section
This section, found before the first tab, includes lists of the City's elected officials, department and agency heads, the City's budget principles, and a City-wide organization chart.

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the City of Minneapolis, Minnesota for the Annual Budget beginning in January 1, 2006. In order to receive this award (which is found in this introductory section), a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device. The award is valid for a period of one year. The City believes the current budget continues to conform to program requirements, and will submit the 2007 Adopted Budget to GFOA to determine its eligibility for another award.

The award for 2006 is the fifth such honor the City has received in consecutive years. Prior to the 2002 award, the City was last recognized by the GFOA for distinguished budget presentation in 1986. The City has received the GFOA's Certificate of Achievement for Excellence in Financial reporting for the Comprehensive Annual Financial Report (CAFR) for thirty-four years.

Section 1: Table of Contents
The table of contents allows the user of the document to pinpoint the page of a particular part of the City's budget.

Section 2: Background Information
This section contains a community profile of the City of Minneapolis, including an overview of the City's history, economy, population, and attractions. A map of Minneapolis Communities and Neighborhoods and descriptions of the City's form of government are included in this section. A chronology of financial decision making for the City is also included.

Section 3: Strategic Planning
The strategic planning section lists the set of City goals and strategic directions which was adopted by the Mayor and the City Council in June 2006. The Citywide strategic plan provides clear direction for departments' business planning efforts. Annual budget process, dates for this year's budget process, and a description of integration of key processes follow. The City's financial decision calendar displays the annual flow of these processes. Links between the City goals and department 2007-2011 business plan goals are described in this section.

Section 4: Financial Overview
The financial overview section summarizes the key decisions and financial issues addressed in this budget. This section

includes key charts and graphs which depict the different portions of the City's budget. Key revenue trends are depicted. A chart of the Minneapolis Tax Rates and Levies appears in this section, as well as a comparison of the Property Tax Rate and Utility Rate Comparison between 2006 and 2007.

This section also contains a summary of major decisions in the budget. Enterprise level challenges are also included in this section

Section 5: Financial Policies
This section presents the major financial policies adopted by the City Council and Mayor. Beginning with the 2006 budget, administrative policies relating to the operating and capital budgets are included in this section. In the past, these policies appeared as recurring footnotes to the budget resolutions.

Descriptions of the major City funds are included in this section, including a bird's eye view of the relationship between fund types, revenue sources, expenditures and departments/boards.

The section also includes the financial planning and policy resolution regarding the City's independent boards (2002), and the resolutions which set priorities on the City's development resources (2003).

Section 6: Financial Plans
Financial plans for the City's major funds and business lines are found in this section of the budget book. The Five Year Financial Direction a begins this section. A summary of the demands on the property tax levy and elected officials' actions to date are included in this section.

For fund level plans, the budget, a three-year forecast and two years of actual expenditures are displayed on the financial page. These plans include narratives which summarize what operations are run in the fund, historical financial performance, and 2007 expenses, revenues, transfers and debt service.

Section 7: Financial Schedules
These schedules summarize transfers, revenues by major category, expenditures by fund and agency, the CDBG program, Community Planning and Economic Development program allocations, and Full Time Employees (FTE's) by department. Summaries of major interfund transactions are also summarized. These schedules are referenced in the appropriation resolutions.

- **Schedule One** (Fund Summary – Changes to Fund Balance) is a high level view of the City's funds, including changes to fund balance.
- **Schedule Two** (Revenues by Fund and Type) summarizes each fund's revenue sources by major categories. A summary of all the City's revenue sources by major categories is included at the end of this schedule.
- **Schedule Three** (Expenditures by Fund and Agency) lists the total agency budget in each fund – this is a quick reference to find the bottom line appropriation in a fund for a department. The final two pages of this schedule include a summary by department in all funds.
- **Schedule Four** outlines the allocations by grant for the Community Development Block Grant, Emergency Shelter Grant, Housing Opportunities for People with Aids, the HOME program, and the American Dream Down payment Initiative (all U.S. Department of Housing and Urban Development grants.) A narrative history of the grant and its obligations are included at the beginning of the schedule. For information on the current consolidated plan for these grants, please see the consolidated plan publication available from the office of Grants and Special Projects.
- **Schedule Five** is a summary of all FTE's by department and agency.

This schedule includes footnotes explaining FTE changes.

- **Schedules Six and Seven** summarize the Community Planning and Economic Development department's housing and economic development project allocations.
- **Schedule Eight** summarizes the detailed purpose behind interfund transfers in the City's funds.
- **Schedule Nine** summarizes benefits administration fees charged to each department. These charges support the work of the Human Resources department.
- **Schedule Ten** summarizes Business Information Services charges included in each department's budget. These charges are based upon a rate model beginning in 2005.
- **Schedule Eleven** lays out the Equipment charges to each department by the City's Public Works – Equipment Services division.
- **Schedule Twelve** displays the charges to each department by the City's Public Works – Property Services division.
- **Schedule Thirteen** displays a potential allocation of existing revenue to City Hall departments for rent. This schedule is informational only. These rent charges are not actually implemented.
- **Schedule Fourteen** reviews the General Fund Overhead allocation and its staged implementation over the next several years.

Section 8: Capital Program
This section outlines the capital program, by funding source and in total. A narrative summarizes the program and presents operating cost impacts as described by those who applied for the funds.
Information about the City's debt – the legal debt margin, outstanding debt, amortization of the debt, and the bond redemption levy – is included in this section. A separate table of contents and glossary are included for this section.

The program is also summarized by the Commission, Board or Department which submitted the request. Each major program is also summarized. A five year total of the capital program and the allocation of the program are included. A presentation by amount requested by the department/agency, the Capital Long Range Improvement Committee recommendation, the Mayor's Recommend Budget, and the Adopted Budget follows.

Section 9: City Council Operating Departments
This section includes departments' financial summaries, including expenditures by type (*i.e.* salaries, benefits, contractual services and operating expenses) and fund. A report that summarizes the department's revenue estimate is also included. The department's positions are summarized.

The departments also prepare narrative summaries for their divisions, including primary businesses, links to City-wide goals, and performance measures. These summaries include a brief financial overview of the department prepared by Finance staff. Department's organizational charts are included in this section.

This is the largest section of the book because it provides the most detail on a department-by-department basis.

Section 10: Independent Boards and Agencies
This section provides information in a format similar to the City Council Operating Departments for independent boards and agencies. The amounts included are generally those most recently approved by the board of the organization.

Section 11: Glossary
A glossary is included for key financial and City terms. A more detailed glossary is available in the Red Book, published by the City Clerk's office.