

# 2008 City of Minneapolis Budget-in-Brief

Dear Minneapolis residents,  
Every four years the City engages in strategic planning to determine citywide goals and strategic directions. In June of 2006, the Mayor and the City Council articulated six citywide goals. These goals guide the elected officials during the budget process as they decide how to commit the City's resources.

A safe place to call home  
housing, health & safety

One Minneapolis  
equal access, equal opportunity, equal input

Lifelong learning second to none  
schools, libraries & innovation

Connected communities  
great spaces & places, thriving neighborhoods

Enriched environment  
greenspace, arts, sustainability

A premier destination  
visitors, investment & vitality

These goals can be found in more detail on the City's Web site at [www.ci.minneapolis.mn.us](http://www.ci.minneapolis.mn.us).

## Budget Process

### Mayor's Recommended Budget

*June through August*

The Mayor holds budget hearings to review the departments' budget proposals, other policy changes and alternative funding options. Then the Mayor recommends a budget to the City Council no later than Aug. 15.

### City Council Budget Review and Development

*October through November*

The City Council discusses the Mayor's recommended budget. Each department presents its budget and changes to their business plans to the Ways and Means/Budget Committee with all Council members invited to attend. After these hearings, the Ways and Means/Budget Committee forwards a budget to the City Council with any changes made to the Mayor's recommendations.

### Truth in Taxation

*November*

Truth in Taxation statements are mailed out to residents in mid-November with the maximum amount of property taxes the property owner could be required to pay on that property in the coming year. Truth in Taxation public hearings are held every year in late November or early December. Residents and other taxpayers are invited to attend these public hearings and share their opinions regarding the Truth in Taxation statements.

### City Council Budget Adoption

*December*

The City Council adopts a final budget that reflects any and all changes made to the Mayor's recommended budget. The final budget is referred to as the "adopted budget."

If you have questions about any of the material presented in the Budget-in-Brief please call 311, available on any land line or cell phone within the Minneapolis city limits. 311 is the only number you need to call for City of Minneapolis information and services.

# The City's Funds

The accounts of the City are organized into funds. A “fund” is a group of related accounts, used to control moneys that have been earmarked for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to obey laws that require certain money to be spent on specific uses. About 75 percent of the City’s revenue is dedicated for a specific use. That means the City may not raise water bills to pay for police services, for example. Of the City’s \$1.4 billion 2008 adopted budget, most of the big spending decisions occur within the City’s \$360 million General Fund.

## Revenues and Expenditures - Citywide and General Fund

### Citywide

#### Police and Fire

The Police and Fire departments make up 13 percent (\$172 million) of the City’s budget. The City’s 2008 adopted budget funds 880 police officers in five different precincts and 427 fire fighters at 19 stations.

#### Community Planning and Economic Development

The Community Planning and Economic Development (CPED) Department accounts for about 11 percent (\$153 million) of the City’s budget. CPEDs work includes: promoting a healthy economy by working with private businesses, developing an educated workforce and living-wage jobs, administering programs for housing development and redevelopment, and interpreting and enforcing zoning codes.

#### Public Works

The Public Works Department makes up the largest part of the City’s budget (20 percent, \$279 million). The main tasks of Public Works include: offering safe transportation to residents by maintaining streets, bike paths and sidewalks; offering high quality drinking water to residents and visitors by managing the sewer and water system; and facilitating the collection and disposal of garbage and recycling.

**Property taxes** are a major source of revenue for the City. The City receives about 43 percent of your property tax payments. For more information on property taxes, please see the section on the back page titled “Property Tax Dollar Breakdown.”

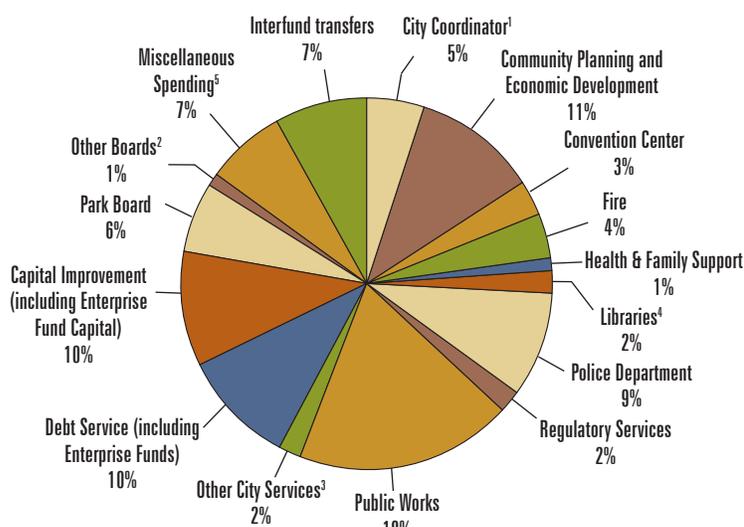
**Charges for services** include utilities that residents pay for, City services such as: water, sewer, stormwater, garbage removal and recycling.

**State government** revenue is money that comes from the State of Minnesota — the largest source is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the state. For more information on LGA and the distribution formula please visit [www.house.leg.state.mn.us/hrd/issinfo/histlga.htm](http://www.house.leg.state.mn.us/hrd/issinfo/histlga.htm).

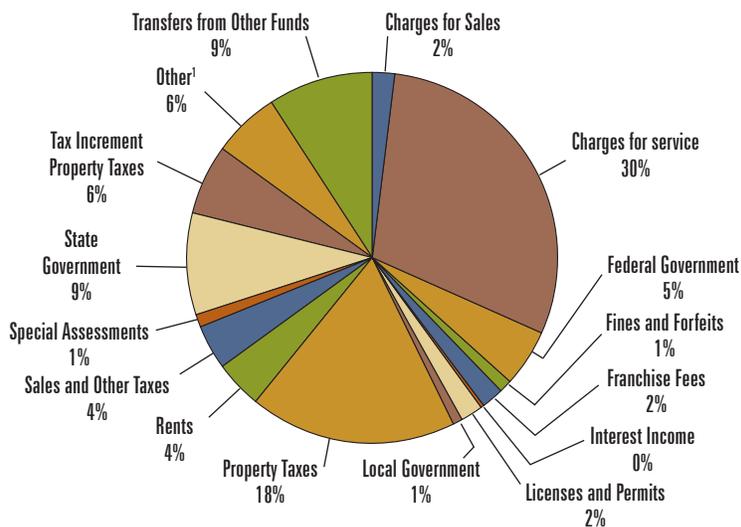
**Tax Increment property tax revenue** is money being paid back to the City. Sometimes the City issues bonds to fund development in an economically disadvantaged district of the city. Then when the development begins to pay property taxes, the taxes go to the City to repay the bonds.

**Sales and other taxes** include some taxes unique to the City. The City of Minneapolis collects a 0.5 percent sales tax that is dedicated to help fund the Convention Center. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales.

**Total Expense Budget – Use of Funds**  
2008 Adopted Budget: \$1.4 billion



**Total Revenue Budget – Source of Funds**  
2008 Adopted Budget: \$1.4 billion



<sup>1</sup> Includes Human Resources, Finance, 911/311, Intergovernmental Relations, Communications, Coordinator Administration and Business Information Systems

<sup>2</sup> Includes Neighborhood Revitalization Program Administration, Board of Estimate and Taxation, Youth Coordinating Board and the Municipal Building Commission

<sup>3</sup> Includes Assessor, Attorney, City Clerk/Elections/Council, Civil Rights, Mayor

<sup>4</sup> Payment to Hennepin County

<sup>5</sup> Includes external payments for health and dental insurance, worker’s compensation, liability, pensions, contingency, liability, non-departmental

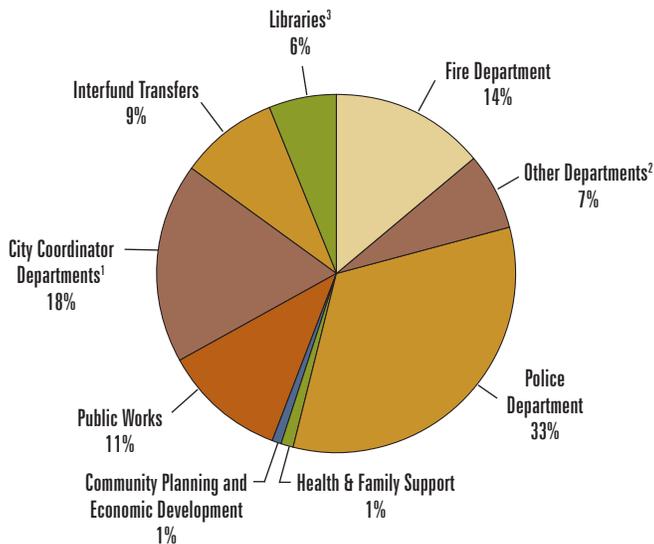
<sup>1</sup> Includes contributions, proceeds from debt sales, interest and investment gains.

## General Fund

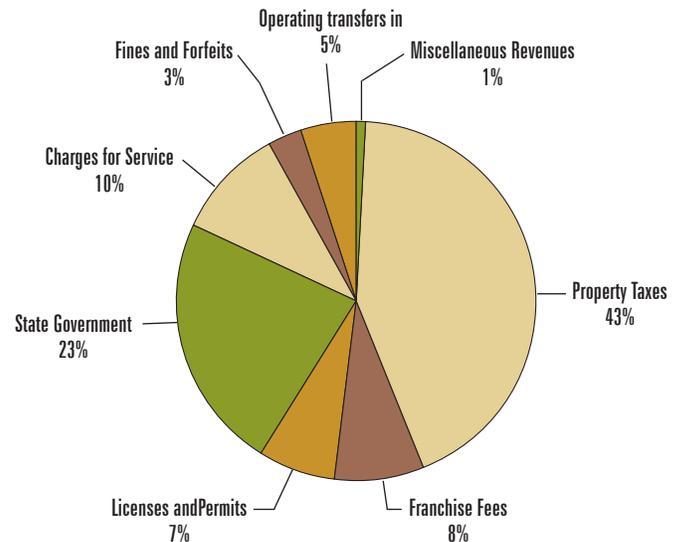
The fund where the City has the most discretion is the General Fund. The two major sources of funding for the General Fund are local property taxes and Local Government Aid from the state.

The General Fund budget is \$360 million, about 25 percent of the citywide budget. Here is a more detailed look at the General Fund:

**General Fund Expense Budget – Expenditures by Services**  
2008 Adopted Budget: \$360 million



**General Fund Revenue Budget – Source of Funds**  
2008 Adopted Budget: \$360 million<sup>1</sup>



<sup>1</sup> Includes Human Resources, Finance, Regulatory Services, 911/311, Intergovernmental Relations, Coordinator Administration, and Communications

<sup>2</sup> Includes Assessor, Attorney, City Clerk/Elections/Council, Civil Rights, Contingency and Mayor

<sup>3</sup> New this year, Libraries are included in the General Fund in support of the merger with Hennepin County

<sup>1</sup> Property tax and local government aid for libraries are included for the first time

## Capital Plan

Every year, the City adopts a plan for capital improvements for the next five years. Capital improvements include projects such as bridge repair, street construction and park and library improvements. Capital projects tend to be costly, so the City issues bonds to help cover the cost. The City sells bonds to investors, uses the money from the bond sale to fund capital projects, and repays the investors over time, including an interest rate that was negotiated at the time the bonds were issued. This process is very similar to a homeowner taking out a home improvement loan to complete a major home repair project.

The 2008 adopted budget includes the 2008-2012 capital budget. The five-year total for the capital budget is \$518.2 million, with 88 percent of it within the Public Works Department. The three biggest capital expenses included in the budget are water (\$125 million), street paving (\$112 million), and stormwater sewers (\$73 million).

### Debt Service and Bonds

Right now, the City's total outstanding debt is about \$1.2 billion. The most common type of debt is called general obligation debt, which uses future property tax payments as a guarantee for payment. Some types of debt, such as maintaining the water plant, are repaid using specific revenue sources, such as utility payments.

The City's bonds receive ratings from credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City has very high bond ratings, which reflect sound financial management of the City and allow the City to borrow money from investors at a low interest rate.

### Capital Long-Range Improvement Committee (CLIC)

Elected officials need feedback from residents regarding what capital projects the City should undertake. The Capital Long-Range Improvement Committee consists of 33 residents (seven appointed by the Mayor and two appointed by each of the 13 Council members to represent their wards). CLIC members rank proposed capital projects and present their recommendations to the Mayor and City Council.

# Property Tax Dollar Breakdown

Your property tax dollars are split among several different organizations. The three organizations that receive the greatest proportion of your property taxes are: the City of Minneapolis, Hennepin County and Special School District No. 1. The City typically receives about 43 percent of the revenue from property tax payments. Hennepin County receives about 25 percent, and the School District about 28 percent. The other 4 percent of property tax revenue is split between Metro Mosquito Control, Metropolitan Council, Metro Transit, the Minneapolis Institute of Arts, Hennepin County Regional Railroad Authority and the School Board referendum.

Under the 2008 Adopted Budget, a Minneapolis home with an estimated value of \$225,500 will pay about \$1,263 in property taxes to the City in the year 2008. See where that \$1,263 goes on the following chart and table:

## City Property Tax Breakdown for Home Valued at \$225,500

Police.....	\$267.86
Park .....	\$215.52
All Other City departments (CPED, Attorney, Clerk, Finance, etc.).....	\$255.17
Library, including referendum .....	\$121.15
Pensions .....	\$100.66
Capital & debt service.....	\$105.14
Fire .....	\$117.52
Public Works .....	\$69.00
Other independent boards .....	\$40.98
<b>TOTAL of City portion .....</b>	<b>\$1,263.00</b>

## 2008 Adopted Budget Property Tax Breakdown



# Utility Rates

The City charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2008 Adopted Budget, utility rates for a home with the average consumption will increase 3 percent from 2007 rates.

## Average Utilities

	2007	2008	% change	\$ change
Water	\$256	\$264	3%	\$ 8
Stormwater	\$117	\$123	5%	\$ 6
Sanitary Sewer	\$166	\$176	6%	\$10
Solid Waste/Recycling	\$276	\$276	0%	\$ 0
<i>Total Utilities</i>	<i>\$815</i>	<i>\$839</i>	<i>3%</i>	<i>\$24</i>