

**City of Minneapolis
FY 2010 Budget**

Financial Plans

The schedules that follow contain the Financial Plans for the major funds of the City. Detailed financial plans are included for the following major funds, listed below. For the other funds of the City, financial information (expenditure and revenue) is included in the *Financial Schedules Section* of this report.

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City of Minneapolis 2010 Revised Budget

Five-year Financial Direction 2011-2015 (Including detailed information on the City's General Fund)

Introduction

In keeping with the City's ongoing commitment to long-term financial planning, this document reflects five-year financial direction. The purpose of adopting a 2011-2015 financial direction is to provide guidance for departments in updating their business plans and to provide a long-term direction on available resources.

The financial direction provides detailed projections for property tax supported services: the City's general fund, pensions, capital and contributions to the internal service funds. Of the \$404.3 million in the financial direction, \$371.6 million is in the City's general fund, which is the primary funding source for many City services.

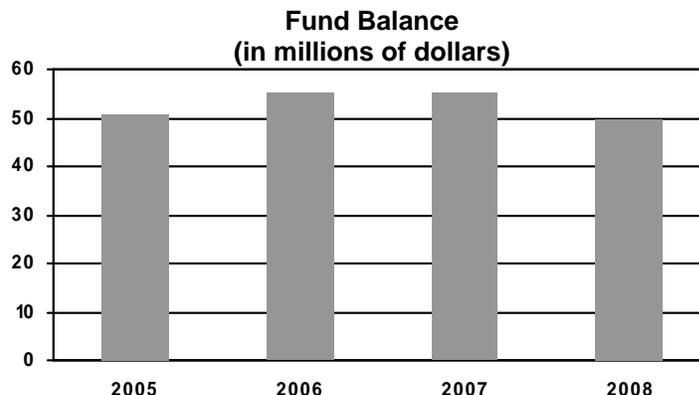
General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. Combined, the two largest revenues (state aids and property tax) have historically accounted for approximately 60-70% of total sources of funds for the general fund. The top four sources of funds account for more than 80% of the general fund's annual financial resources.

Historical Financial Performance

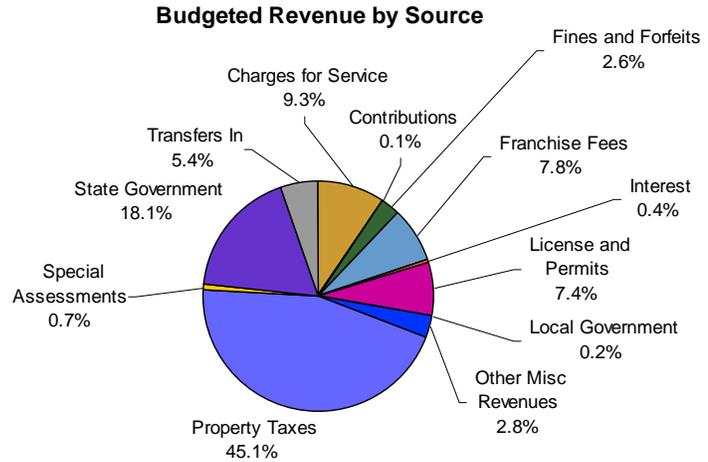
The results of the general fund's annual operations at the end of the year reflect the fund's "fund balance." The general fund's fund balance measures the amount of available, spendable resources contained within the fund. The balance provides the City a reserve to cushion adverse economic shocks and to meet a portion of the City's liquidity needs. The City's policy is to maintain a minimum fund balance of 15% of the following year's revenue. Further, the City's financial policies place a priority on debt buy-down or debt avoidance for the use of fund balance.

The general fund began 2008 with a fund balance of \$55.2 million. The 2008 year-end fund balance in the General Fund was \$49.7 million, which is below the stated fund balance requirement of 15% of the following years' revenue budget. The City drew on these reserves in December 2008 when the Governor "unallotted" \$11.6 million in Local Government Aid in late December. The City took actions to restore this reserve in March 2009.



2010 General Fund Revenue Budget

The 2010 budget includes a total of \$371.6 million of revenues and other sources for services included in the financial direction, including \$19.9 million in transfers from other funds. Budgeted revenues are 2% higher than 2009 budget.



Revenue Source	2008 Actual	2009 Revised Budget	2010 Revised Budget	% Chg from 2009 Revised	2008 Budget as % of Total	2009 Budget as % of Total
State Aids	69.7	73.4	67.3	-8.4%	20.0%	20.2%
Property Tax	149.6	165.4	167.7	1.4%	42.9%	45.5%
Franchise Fees	31.7	28.1	29.1	3.6%	9.1%	7.7%
Licenses and Permits	25.4	26.4	27.4	3.9%	7.3%	7.2%
Charges for Services	38.2	35.0	34.7	-0.8%	11.0%	9.6%
Fund Transfers	19.2	18.0	19.9	11.0%	5.5%	4.9%
Fines & Forfeits	8.6	11.0	9.8	-10.4%	2.5%	3.0%
Misc. Revenues	6.4	6.7	15.7	135.7%	1.8%	1.8%
Total	348.8	363.8	371.6	2.1%	100.0%	100.0%

State Aids (including Local Government Aid):

The City's local government aid allocation decreased between 2009 and 2010 by \$14.1 million. This decrease is due to the decertification of pre-1979 TIF districts at the end of 2009 and due to unallotment to both LGA and market value homestead credit (MVHC). MVHC was reduced by \$5.3 million. Typically, Minneapolis has seen LGA formula declines of about \$1.5 million each year. The major factors in the formula which lead to these typical reductions are the City's property wealth and declining motor vehicle accidents.

The City is assumed to receive a reduction in LGA of \$0.3 million each year as a result of new state legislative provisions capping LGA formula-related reductions. This equates to \$265,000 fewer resources in the general fund annually. The adverse impact of the decertification of tax increment financing districts on the amount of the LGA received by the City is reflected beginning in 2011, and is estimated at \$5.3 million for the General Fund. The Local Government Aid reductions unallotted by the Governor in June 2009 are assumed to be permanent.

Franchise fees are paid by various utility companies for use of City rights-of-way. Franchise fees are a percentage of total utility revenues. The City's collections vary directly with the paying utility's gross revenues. There are four franchise agreements that 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. The residential rate will drop to 4.5% of gross revenues beginning in January of 2013. This franchise agreement expires on December 31, 2014. For 2010, the City is anticipating \$15 million in revenues from this franchise agreement.

- 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 or interruptible customers, and 3% for large-volume interruptible customers. This franchise agreement expires on December 31, 2015. For 2010, the City is anticipating \$11 million in revenues from this franchise agreement.
- The City also has two smaller franchises:
 - The bus stop advertising franchise generates approximately \$110,000 in revenues.
 - The City's cable franchise is anticipated to generate \$3 million in 2010.

The 2010 budget anticipates the total franchise fee revenue to be \$29.1 million.

Licenses and Permits create significant revenue for the City's General Fund. The City issues licenses and permits for a wide variety of regulated activities. Building permits are a major component of this revenue category. The 2010 budget anticipates a 3% increase in licenses and permit revenue.

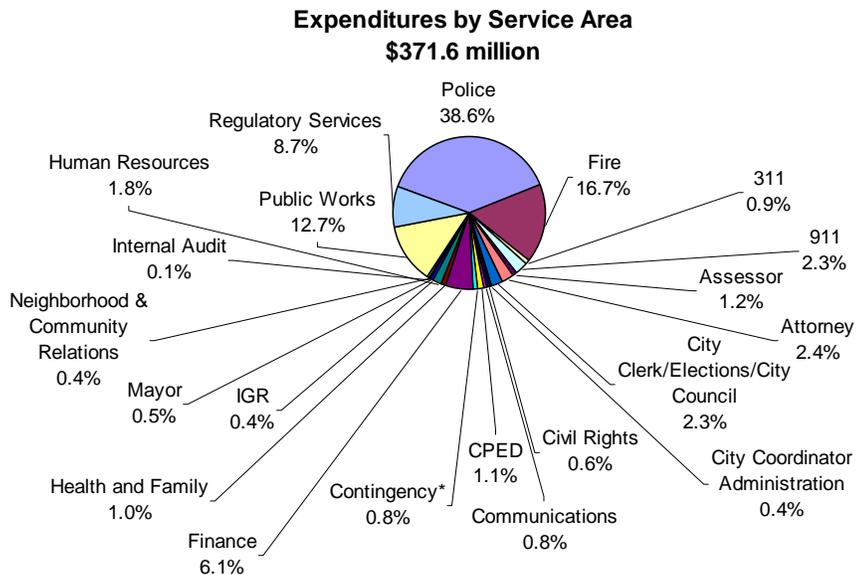
Fines and Forfeitures are anticipated to decline by 3.3% in 2009. This reflects a revision to police fine revenues (\$500,000) based upon year-to-date experience. Further analysis is needed to determine the impact of recent state decisions on this revenue. The Mayor's 2010 budget recommends an ongoing \$1 million reduction in the anticipated revenue from this category.

2010 General Fund Expenditure Budget

The 2010 budget for services included in the financial direction is \$371.6 million, which includes \$43.6 million in transfers to other funds.

Several cost increases are anticipated in the 2010 budget. These include:

- Salary and wage expenditures increased 2.8%, from \$163.5 million to \$168.0 million. This increase reflects settled contracts to date as well as recommended department reductions.
- Employer health insurance costs increased about 15%. The budget is based on an anticipated 15% increase to employer costs.
- Non-personnel line items increased by 4.9%.



Major Changes in the 2010 Council Revised Budget

Please note: Recommended reduction amounts are based on the Current Service Level (CSL). The CSL includes inflationary adjustments from 2009, so 2010 cut amounts reflect reductions to current services that are provided by departments.

311

Original Budget: The Mayor recommended and the Council approved a reduction of 2 FTE to meet the 2010 CSL. The Mayor recommended and the Council approved a further reduction of \$133,000 from the current service level, including the reduction of one FTE and a reduction in non-personnel expenses. Council action further reduced 311's budget by \$277,000 and 3 FTE from the Mayor's original recommendation. The Council also provided one-time funding of \$115,000 from the General Fund's contingency for transition costs to developing a sustainable funding source for 7:00 a.m. – 7:00 p.m. hours.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council adopted the Mayor's recommendations.

911

Original Budget: The Mayor recommended and the Council adopted a reduction of 3 FTE to meet the 2010 CSL. The department made a further reduction of \$216,000 from the current service level through the elimination of 1 senior 911 management position and the reduction of 1 other position. The Council further decreased funding in 911 by \$80,000 and eliminated 1 additional FTE (Dispatcher).

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council adopted the Mayor's recommendations.

Assessor

Original Budget: The Mayor recommended and Council approved a reduction of \$28,000 from the current service level for this department.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council adopted the Mayor's recommendations.

Attorney

Original Budget: The department eliminated 2 FTE to meet the financial direction. The Mayor recommended a reduction of \$250,000 in the criminal division, including the elimination of 2 positions and the balance of funding for restorative justice grants. The Mayor further recommended a reduction of \$125,000 from the current service level in the civil division, including the reduction of two and one half positions. Council approved the Mayor's recommendations. Additionally, Council directed that CDBG funding for Restorative Justice programs be increased by \$20,000.

Mayor's Revised Budget: The Mayor recommended a reduction of \$69,000. The City Attorney's Office will meet this reduction through a combination of budgetary leave, business process

improvements, and other non-personnel reductions. If these strategies are insufficient, the department will reduce a vacant position within the criminal division.

Council Revised Budget: Council adopted the Mayor's recommendations.

BIS

Original Budget: The department eliminated 1 FTE to meet the financial direction. The Mayor recommended and Council approved a reduction of \$1.6 million and 11 positions from the current service level for this department. This includes a \$1.3 million reduction to general fund departments and \$325,000 for non-general fund departments. If this recommendation is adopted, general fund departmental appropriations will be reduced to achieve the general fund reduction. During 2009, Council adopted resolution 2009R492 that added 1 FTE to BIS for 2009 and 2010 for staff at the emergency operations training center, to be funded by customer departments. Additionally, Council directed the BIS budget be reduced by \$100,000 and not replaced through internal service charges.

Mayor's Revised Budget: The Mayor recommended a reduction of \$200,000 on a one-time basis. The department shall meet this reduction through non-personnel savings and explore additional ongoing savings through the restructuring and reduction of existing services in anticipation of the 2011 budget.

Council Revised Budget: Council approved the Mayor's recommendation.

City Clerk/Elections/City Council

Original Budget: The Mayor recommended and Council approved a reduction of \$249,000 from the current service level for this department. Additionally, Council funded \$20,000 on a one-time basis for transition costs.

Mayor's Revised Budget: The Mayor recommended a reduction of \$113,000.

Council Revised Budget: Council approved the Mayor's recommendation.

City Coordinator Administration

Original Budget: The Mayor recommended and the Council adopted a reduction of \$94,000 from the current service level. This reduction was achieved through the ongoing savings related to the elimination of the Deputy City Coordinator position in the 2009 budget revisions. The Council directed CPED to eliminate the vacant Community Planner position and use General Fund and CDBG resources to keep the Arts Coordinator position. This position and associated resources will be transferred to the City Coordinator in 2011. The existing Internal Auditor position that resides in the Board of Estimate and Taxation (BET) will report to the City Coordinator for administrative purposes, with associated funding from the BET.

Mayor's Revised Budget: The Mayor recommended a reduction of \$47,000 and one position.

Council Revised Budget: Council adopted the Mayor's recommendations.

Civil Rights

Original Budget: The Mayor recommended a reduction of \$164,000 and one position from the current service level for this department. Council approved the Mayor's recommendations. Additionally, Council reduced Civil Rights' operating budget by \$93,000 and 1 FTE. Council directed the department to develop standards of progress on eliminating the CIU case backlog by December

31, 2011 and present to the MDCR reporting committee no later than February 2010. Quarterly progress reports to MDCR should begin in February 2010. The City Coordinator is directed to recommend to the Civil Rights reporting committee in January 2010, a community engagement plan to gather input from stakeholders on the future and functions of the Minneapolis Department of Civil Rights.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council approved the Mayor's recommendation.

Communications

Original Budget: The Mayor recommended and the Council approved a reduction of \$140,000 and one position from the current service level for this department. Included as part of this amount is a reduction in contractual services, including a reduction of \$26,000 in funding to MTN.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council adopted the Mayor's recommendations.

Convention Center

Original Budget: The Mayor recommended a reduction of \$1.5 million in this department's operating budget. The Mayor further recommended an increase in the transfer from this fund to the parking fund of \$2 million to fund improvements to Convention-related parking ramps. This transfer will also be adjusted to accommodate debt service on these ramps from prior-year capital projects (\$1.4 million). Council adopted the Mayor's recommendations and directed the Convention Center fund transfer to the General fund be increased by \$250,000 for convention-related public safety activities performed by the Police Department.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council approved the Mayor's recommendations.

CPED

Original Budget: As a result of the 2009 revised budget, the department reduced 3 FTE to reflect the spending cuts. The Mayor recommends a reduction of \$215,000 and one position in this department. The Mayor further recommends the reduction of non-personnel expenses and an increase in Community Development Block Grant funding of \$62,000 to fund administrative expenses in the department. The Mayor's revised recommendation is to fund \$150,000 on a one-time basis for housing advocates from the Reallocated Legacy Fund to Intergovernmental Relations. Council adopted the Mayor's recommendations and further directed funding in the Community Development fund Legacy fund program income to be decreased by \$31,000, and funding for the St. Anthony Heritage Board to be increased by \$31,000. Additionally, Council directed funding in the Community Development fund Legacy fund program income is decreased by \$50,000 and funding to the Riverfront Development Corporation is increased by \$50,000. CPED is directed to reduce CDBG funding for Youth Employment by \$110,000 and the Mortgage Foreclosure Prevention Program by \$140,000.

Furthermore, CPED is directed to eliminate the existing vacant Community Planner position in the planning division and use general fund and CDBG resources to keep the Arts Coordinator position. This position and associated resources should be transferred to the City Coordinator in 2011.

Mayor's Revised Budget: The Mayor recommended a reduction of \$104,000 on a one-time basis through the reduction of non-personnel expenses such as those related to office equipment, technology, supplies, and training and development.

Council Revised Budget: Council approved the Mayor's recommendation.

Finance

Original Budget: The Mayor recommended and the Council approved a reduction of \$706,000 and 8 positions from the current service level for this department. The balance of the reductions was achieved through non-personnel cuts. A further reduction of \$50,000 in the self-insurance fund was also approved, which is to be achieved through non-personnel reductions. An additional \$87,000 was appropriated in the General Fund to continue providing services to Public Works.

Mayor's Revised Budget: The Mayor recommended a reduction of \$50,000. The department will achieve this through non-personnel reductions. Additionally the Mayor recommended a one-time appropriation increase of \$500,000 for process improvements including funding for contractors to implement modules in the current financial system that will enable the department to restructure its workforce in 2011.

Council Revised Budget: Council adopted the Mayor's recommendations.

Fire

Original Budget: The department reduced 12 FTE to meet the financial direction. The Mayor recommended a reduction of \$2.1 million and up to 19 positions. The Mayor further recommended the department should move forward on implementing the commercial hood cleaning program and a three percent adjustment to fees that have not been updated in the past five years. Council approved the Mayor's recommendations and a general fund one-time increase of Fire's budget by \$2 million making funds available until December 31, 2011. Council approved \$225,000 from CDBG funds for fire protection equipment purchases. Fire's budget is increased by \$200,000 for the responsibilities for Boarded and Vacant housing from Regulatory Services. Additionally, Fire's general fund allocation is increased by \$373,000. The department FTE complement will be increased by 25, to 438 FTE consistent with these resources.

Council provided the following staff directions:

- MFD is directed to reduce the budget for take-home vehicles by 50% and the Fire Chief is directed to adopt new policies on take home vehicles consistent with this direction.
- During 2010 and 2011 while MFD is using one-time contingency dollars and until cuts are fully implemented, the department is subject to a hiring freeze and promotion freeze. Additionally no expenditures on new capital projects absent express Council approval are allowed.

Mayor's Revised Budget: The Mayor recommended a reduction of \$80,000. The department will achieve this through non-personnel reductions.

Council Revised Budget: Council approved the Mayor's recommendations.

Health and Family Support

Original Budget: The Mayor recommended a reduction of \$337,000 and 4 FTE from the current service level for this department. The Minnesota Visiting Nursing Agency should continue to be funded from General Fund resources within the department. Council approved the Mayor's

recommendation and directed discretionary CDBG funding subject to the Public Health Advisory Committee be reduced to \$400,000 with a proportional reduction to programs. Health and Family Support's general fund budget is reduced by an additional \$100,000. Council directed Health and Family Support to achieve these cuts without cuts to the contracts with the Domestic Abuse Project, leaving that program intact at the full funding level of \$75,000.

Mayor's Revised Budget: The Mayor recommended a reduction of \$69,000. The department will achieve this by increased third party reimbursement for school based clinics and moving salaries out of the general fund.

Council Revised Budget: Council approved the Mayor's recommendations.

Human Resources

Original Budget: The Mayor recommended and the Council approved a reduction of \$364,000 and 4 positions from the current service level for this department. This reduction will be achieved through personnel and non-personnel reductions. A further reduction of \$29,000 in the self-insurance fund was also approved, which shall be achieved through non-personnel reductions.

Mayor's Revised Budget: The Mayor includes no reduction to this department. However, the Mayor encouraged the department to implement the Enterprise Performance Management System Software within existing resources.

Council Revised Budget: Council adopted the Mayor's recommendations.

Intergovernmental Relations

Original Budget: The Mayor recommended and the Council approved a reduction of \$84,000 for this department. The reductions will impact professional services, reductions in memberships and subscriptions as well as other non-personnel expenditures. \$150,000 is added on a one-time basis for homeless outreach programs from the Reallocated Legacy Fund.

Mayor's Revised Budget: The Mayor recommends a reduction of \$41,000. The department will achieve this by reducing salaries and benefits from an open position as well as other salary savings.

Council Revised Budget: Council adopted the Mayor's recommendations.

Mayor

Original Budget: The department reduced 1 FTE to meet the financial direction. The Mayor recommended and Council approved a reduction of \$57,000 and one position for a total reduction of 2 FTE.

Mayor's Revised Budget: The Mayor recommended a reduction of \$15,000. The department will achieve this through budgetary leave, and reductions in postage, cell phones and travel.

Council Revised Budget: Council approved the Mayor's recommendations.

Neighborhood and Community Relations

Original Budget: The Council reduced the department's budget by \$200,000 and directed the department to work with CPED and the NCEC over the next six months to develop a best practices model to incorporate NCEC programmatic advice into the Great Streets program.

Revenue to be realized in 2011 from a new tax increment financing (TIF) district represents 50.8% of the total net tax capacity of all of the former pre-1979 TIF districts and contains 51 percent of the parcels. The 10-year Consolidated TIF budget projects Net Tax Increment of \$53,650,000 being available for both Target Center debt and neighborhood revitalization purposes, for a total of approx \$107.3 million for both activities over the 10 year life of the district.

Mayor's Revised Budget: The Mayor recommends a reduction of \$50,000. The department will achieve this through reductions in its administrative budget as well as realizing savings from lower than projected actual salaries.

Council Revised Budget: Council adopted the Mayor's recommendations.

Office of Internal Audit

Original Budget: The Council approved transition funding of \$200,000 to fund 2 internal audit positions in 2010, funded by increasing charges to departments in their general fund overhead rate model charges. In addition, the existing auditor position that resides in the Board of Estimate and Taxation (BET) will report to the City Coordinator for administrative purposes, with associated funding from the BET. Future levies will be adjusted to reflect this change.

Mayor's Revised Budget: The Mayor included no reduction to this department.

Council Revised Budget: Council adopted the Mayor's recommendations.

Police

Original Budget: After adoption of the 2009 Revised Budget, MPD was awarded a contract with the Minneapolis School District, and 15 FTE were added. In order to achieve the 5 year financial direction for 2010, 84.5 positions in the general fund were eliminated. The Mayor recommended a reduction of \$5.3 million and 38 additional positions from the current service level for this department. The Mayor further recommended the transfer of the Traffic Control Agent division (45 positions) to the Regulatory Services department.

The Mayor recommended restoration of \$4 million and 45 FTE to MPD's base funding level to offset the loss of federal Byrne grant funding, making the net change to current service level a reduction of 39.5 FTE. The Mayor recommended that three eligible Crime Prevention Specialist positions be moved out of the general fund and funded with \$240,000 of CDBG dollars.

Council approved the Mayor's recommendations and increased the Police budget by \$1.5 million in 2010. Council directed \$250,000 to be transferred from the Convention Center fund to the Police department general fund appropriation to fund the horse patrol for convention-center related public safety activities. Council added \$477,000 to the police general fund budget for Community Crime Prevention Specialists. Additionally, Council directed that the Community Development Block Grant Fund for police should be increased by \$487,000 for Crime Prevention Specialists. Furthermore, Council directed a reduction of discretionary CDBG funds to the Public Health Advisory Committee and an increase to the CDBG allocation for MPD for Crime Prevention Specialists by \$163,000.

Council provided the following staff directions for Police:

- Reduce MPD's contractual services line budget by \$102,000 to reflect savings from closing the public health lab to help offset proposed reductions. Further, direct MPD to

fund \$100,000 toward chaplain services through contractual savings related to the closing of the health lab.

- Direct MPD to eliminate funding for the Police Activities League (PAL), including the practice of allowing compensatory time to officers for participation in the PAL. These savings should offset recommended cuts and position reductions should be achieved through attrition and reassignment. The Police Chief is directed to convene a task force to develop a plan for the ongoing operation of the Police Activities League that requires no direct appropriation. The task force should include representatives from the Minneapolis Health department including the Commissioner and Youth Violence Prevention coordinator; an active Police Activities League (PAL) officer; the Police Chief or designee; Council Member Johnson; and Sherman Patterson from the Mayor's office.
- Reduce Police budget for take home vehicles by \$400,000 and direct the Police Chief to adopt new policies on take home vehicles consistent with this direction and reduce the vehicle count accordingly.
- Eliminate funding for the position of Assistant Police Chief to offset recommended cuts.
- Eliminate 16 positions through attrition to achieve a savings of approximately \$2 million over two years. Police should bring a plan forward to the Ways and Means Committee for approval on December 14, 2009.
- Police is directed to report back to Public Safety & Regulatory Services by January 15, 2010 with a plan for a re-designed community crime prevention program; utilizing the dedicated resource as laid out during this budget cycle in addition to existing resources within the police department. Police is also directed to develop accountability measures for Community Crime Prevention Specialists for Results Minneapolis and report these measures to the Public Safety and Regulatory Services Committee by March 1, 2010. After the report to PS&RS, Police should include these measures in its quarterly discussions at Results Minneapolis.
- Police is directed to reduce the Horse Patrol to one shift and cut expenditures accordingly.
- Police is directed to achieve no less than \$200,000 in savings through re-organization of the department
- The Chief of Police is directed to examine re-establishing mandatory fitness testing within the department, including costs and to report back to proper Council committees by the end of January 2010. If testing is not implemented by the conclusion of 2010, the department will evaluate elimination of the health club memberships and report back to the proper Council committees.
- Police is directed to achieve a balanced budget in 2010 without cuts to the contract with the Conflict Resolution Center at an amount equal to \$25,000.
- Upon receipt of the final CDBG allocation, 15% shall be dedicated to MPD for Crime Prevention Specialists in CDBG-eligible areas.

Mayor's Revised Budget: The Mayor recommends a reduction of \$180,000. The department will achieve this through non-personnel reductions. Additionally the Mayor recommends one-time appropriation increases of \$250,000 for replacement of ticket writers and \$240,000 for implementation of fitness testing and associated costs within the 2010 calendar year.

Council Revised Budget: Council approved the Mayor's recommendation with one exception. The \$240,000 appropriation for implementation of fitness testing and associated costs was reduced by \$60,000, to \$180,000, in one-time funding.

Public Works

Original Budget: The Mayor recommended a reduction of \$1.13 million from the current service level of the department's General Fund budget. The Mayor further recommended a reduction of \$422,000 from the Sanitary Sewer fund and \$449,000 from the Stormwater fund. The Council approved the Mayor's recommendations and further approved a reduction of \$50,000 from Community Development Block Grants for graffiti micro-grants and a reduction of \$86,000 from Community Development Block Grants for graffiti removal on public property.

Mayor's Revised Budget: The Mayor recommends a reduction of \$550,000, which will be met through increased revenue. The department will achieve this through increased revenue from a renegotiated State Trunk Highway (STH) agreement. Additionally the Mayor recommends a one-time appropriation increase of \$2.16 million for doubling the number of crews filling potholes (\$500,000); seal-coating (\$500,000); and for installation of wireless poles to ensure the wireless network is fully operational (\$800,000) and for installation of wireless equipment in the city's vehicles to increase usage of the City's wireless contract (\$360,000 – *also shown in Citywide*).

The Mayor also requests the department quantify the impact of the resources recommended by the Mayor in its fourth quarter *Results Minneapolis* presentation in 2010. Measures should focus on the impact of the \$1 million requested for pothole repair and seal coating.

Council Revised Budget: The Council approves the Mayor's recommendations.

Administration

Original Budget: The Mayor recommended no change to the Administration division and Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Engineering Materials and Testing (Central Stores)

Original Budget: The Mayor recommended no changes to the Central Stores division and the Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Fleet Services

Original Budget: The Mayor recommended Fleet reduce the number of truck drivers and equipment operators placed in reserve status and the number of seasonal rented equipment (-\$781,000). This results in a reduction to charges to Transportation Maintenance & Repair for snow and ice removal. The Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Property Services

Original Budget: The Mayor recommended no change to the Property Services division and Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends one-time resources for installation of wireless equipment in the city's vehicles to increase usage of the City's wireless contract (\$360,000).

Council Revised Budget: The Council approves the Mayor's recommendations.

Solid Waste and Recycling

Original Budget: The Mayor recommended no increase to these rates. Graffiti strategies are funded at \$1.2 million from the division's fund balance. The Mayor also recommended \$50,000 from Community Development Block Grant funds for graffiti microgrants. The Council approved the Mayor's recommendations but reduced funding by \$50,000 from Community Development Block Grants funds for graffiti micro-grants.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Surface Water & Sanitary Sewer

Original Budget: The Mayor recommended an increase of \$0.32 in per unit rates in both the Sanitary and the Stormwater utilities. The Mayor further recommended a reduction of \$422,000 to the department's current service level operating budget in the Sanitary Sewer Fund. The Mayor recommended an additional reduction of \$245,250 to the department's current service level operating budget in the Stormwater Fund. The Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Traffic & Parking

Original Budget: The Mayor recommended a \$320,000 reduction to the traffic activities, which will reduce routine repairs to lights and traffic signals, pavement message painting, response to traffic request services and non-safety-related sign replacement.

The Mayor further recommended an increase of \$210,000, which included one engineering position, in this division for improving the management of traffic in the City. This initiative will build on the capital improvements related to the Traffic Management Center. The Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends one-time resources of \$800,000 for the installation of wireless poles to ensure the wireless network is fully operational.

Council Revised Budget: The Council approves the Mayor's recommendations.

Transportation Maintenance and Repair

Original Budget: The department's budget is decreased to reflect the restructuring activities related to snow and ice service provision, which should achieve ongoing savings of \$1.4 million. This included a reduction in the number of pieces of equipment being rented for the season from outside vendors and reduction in salaries of truck drivers and operators being charged from the Fleet Services Division.

In addition, the Mayor recommended an additional \$100,000 reduction in service to malls and plazas. Also, as part of the \$449,000 reduction in the Stormwater Fund expenses, this division's operating budget for Street Cleaning is reduced by \$203,750. The Council approved the Mayor's recommendations but reduced Community Development Block Grant funding for graffiti removal on public property by \$86,000.

Mayor's Revised Budget: The Mayor recommends one-time resources for doubling the number of crews filling potholes (\$500,000) and for seal-coating (\$500,000).

Council Revised Budget: The Council approves the Mayor's recommendations.

Transportation Planning and Engineering

Original Budget: The Mayor recommended no changes to the Transportation Planning & Engineering division and Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Water Treatment and Distribution

Original Budget: The Mayor recommended a \$0.14 increase in per unit water rates. The Mayor also recommended a redefinition of rates to stabilize revenues. The Council approved the Mayor's recommendations.

Mayor's Revised Budget: The Mayor recommends no change.

Council Revised Budget: The Council approves the Mayor's recommendations.

Regulatory Services

Original Budget: The Mayor recommended and the Council approved a reduction of \$521,000 from the current service level for this department. This reduction will be achieved through personnel and non-personnel reductions. Also approved was the implementation of late evening enforcement of business licensing with an increase of \$450,000 and 3 FTE; an increase of \$525,000 in expense for administrative citations administration; an increase of \$175,000 and 1 FTE for pollution control permits, and \$135,000 and 1 FTE for a pet licensing project coordinator. These initiatives should be supported by revenue.

Traffic Control Agents were transferred from the Police Department to Regulatory Services. Responsibilities for the boarding of vacant buildings were transferred from Regulatory Services to the Fire Department, effective July 1, 2010. This action reduces Regulatory Services' budget by \$200,000 in 2010 and an additional \$200,000 in 2011.

Mayor's Revised Budget: The Mayor recommended a reduction of \$75,000. The department will achieve this through the reduction of equipment expenses and salary savings.

Council Revised Budget: Council adopted the Mayor's recommendations.

Citywide

Original Budget: The Mayor recommended and the Council adopted the following appropriations:

\$3.4 million in pre-payment of internal service fund obligations for 2011. This strategy reduces pressures on the general fund in that year.

\$4.4 million to assist departments in paying for unemployment costs. These funds are budgeted in the City's operating contingency fund. The Finance Department is directed to report to the Ways & Means/Budget Committee on the distribution of these funds by June 1, 2010.

\$4 million for the local share of the Camden Bridge capital project that was accelerated due to the receipt of over \$10 million in federal stimulus funds.

\$1 million for reimbursement of the capital fund for local costs related to the Marquette and 2nd Avenue construction project. Public Works is directed to work with the Finance department to pursue reimbursement of these costs through the federal grant.

Upon receipt of the final CDBG allocation, 85% shall be allocated to the Affordable Housing Trust Fund, and the remaining 15% to MPD for Crime Prevention Specialists in CDBG-eligible areas.

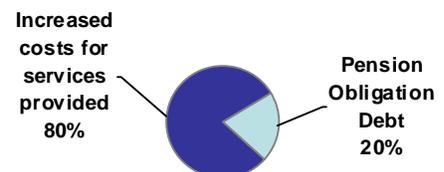
Mayor's Revised Budget: The Mayor recommended that \$2.81 million be transferred to the pension management plan for pension debt avoidance.

Council Revised Budget: Council adopted the Mayor's recommendations.

Five-Year Financial Direction

Property tax estimates are based upon the Council adopted tax policy. The Council adopted a tax policy increase of 7.4% in 2010, 9.3% in 2011, 6.5% in 2012-2014, and 6% thereafter. These percentages reflect statutorily-required costs and provide for the following current service level cost escalator for departments and independent boards: 3.9% in 2011, 4.3% in 2012, 4.4% in 2013, 3.9% in 2014, and 4.4% in 2015. This uneven approach helps to offset the impact on the taxpayer of the recertification of the tax-increment district that will fund neighborhood programs and Target Center debt payments.

In 2009-2011, state-mandated levy limits are in effect. The City is using special levies for allowable expenses that are beyond the rate of inflation dictated in levy limits. Levy limits result in reduced flexibility in terms of how the City allocates property tax revenue within the Mayor's recommended tax policy. These limits also served to accelerate reductions to growth that had been anticipated in the prior year's financial direction.



The 2010 budget is the basis for future projections: In other words, the starting place for the 2011-2015 department budget estimates is what is included in the 2010 budget. One-time 2010 supplemental items are removed from department budgets in 2011 and beyond.

Summary of Five-Year Financial Direction 2011-2015 (dollars in millions)			
Department	2015 Resources	Reductions to growth 2011-2015	Reductions to growth in previous plan
Police	\$144.2	(\$1.7)	(\$3.2)
Fire	61.9	(0.6)	(1.3)
Public Works	47.1	(0.4)	(1.0)
Regulatory Services	33.7	(0.1)	(0.6)
Health and Family Support	3.9	(0.1)	(0.1)
Civil Rights	2.4	(0.1)	(0.1)
Capital Plan (pay-go and debt)	32.2	-	-
Pensions	54.3	-	-
All other spending	108.5	-	(2.1)
Total	\$488.2	(\$3.0)	(\$8.4)

The financial direction from 2011 to 2015 contains updates to departmental resources: The financial direction includes the most updated assumptions about contract settlements and other commitments. The health care contract entered into in 2006 has rate increases of 15% in 2010. The out years of the plan assume a 20% annual increase.

Reductions to growth are front-loaded in 2010. The departmental cuts necessary to balance the five-year financial direction are taken in 2010. Any future balances have been allocated to the operating contingency fund.

Salary Assumption -- The City adopted a compensation philosophy during 2007. The philosophy does not specify a salary policy. It is anticipated that salary settlements will vary within and between bargaining units, but overall are projected to increase by 2.5% annually. Assumptions are updated annually as contracts are settled.

What changes have been made to the financial plan over the years?

As policy decisions have been made, several departments have been exempted from taking budget cuts, mainly in public safety departments. A history of these exemptions follows:

Department	When	Why (generically)
Regulatory Services	2003	Overall net contributor to general fund
Assessor, Council, Coordinator Administration, IGR, Communications, Mayor, Clerk	2003	Too small to withstand additional cuts
Internal Service Fund Workout Plans	2003	Financial progress
Police, Fire	2006	Prioritize Public Safety
Health and Family Support	2006	Maintain funding above match requirements; preserve senior ombudsman and external contracts
Civil Rights	2007	Smallest department still taking reductions
Elections	2007	No additional cuts – trying to match election cycles; had \$50,000 in reductions to date; also changed phase in of cuts
Public Works	2007 (one year only)	Provide some maintenance funding
BIS, 911/311	2006, 2004	Changed phase-in of cuts
All Departments	2007	Rescission of the 2% wage policy.
All remaining departments reductions removed in 2013	2008	Begin to provide an outlook with level funding for departments
All departments	2009	Resets financial direction to more equably distribute planned reductions to growth
All departments	2010	Future reductions to growth are not planned under the current assumptions

Financing Assistance for Target Center and Neighborhoods

Background

Established in 1990, the twenty-year Neighborhood Revitalization Program and its funding are set to sunset in 2009. The City and neighborhood groups have been pondering this major turning point for almost 10 years. In addition, the City's purchase in 1995 of the Target Center increased long-term demand for resources.

During the 2008 Legislative Session, the Minnesota Legislature authorized the City to establish a non-contiguous redevelopment tax increment financing (TIF) district which would be comprised of properties that were located in specific TIF districts, commonly known as "pre-1979" TIF districts, which terminated in 2009. The earliest year the tax increment revenue can be realized from the new district allowed under the special legislation is 2011. Without further action by the City, the value within those pre-1979 TIF would initially go back into the general tax base in 2010 and thereafter remain, increasing the overall size of the tax base, effectively resulting in property tax relief for many property owners.

Under the special legislation, tax increment from the new district could only be used to pay principal and interest on Target Center bonds or for "neighborhood revitalization purposes." The legislation does not specify or require any particular allocation of revenues between these purposes.

The legislation also explicitly stated that the certification of the district will not impact the City's "property wealth" factors in the Local Government Aid program. A \$9 million drop in the City's LGA will occur in 2011, whether or not the City uses the special legislation. Much of that impact is anticipated in the general fund (\$8 million). This loss in these amounts will occur whether or not the City uses the special legislation to create a new district; however, the legislation requires the additional tax capacity to be included in the calculation of LGA, even if the value is re-certified in a new district.

Overall Recommended Funding from the District

A Council direction given at the end of 2008 had called for Finance Department staff to present a TIF plan for consideration by July 31, 2009, certifying expiring pre-1979 districts so that \$24 million dollars of net tax increment would be generated and available to the City in 2011, the earliest year allowed under the special legislation. That Council direction allocated the projected net tax increment revenues as follows:

Target Center principal and interest	\$ 10 million
Target Center expedited debt payments	\$ 2 million
General Neighborhood Revitalization Purposes (neighborhood operations, department of Neighborhood and Community Relations)	\$8.5 million
Community Revitalization	\$3.5 million
<hr/> Total	<hr/> \$24 million

This direction would have led to the certification of 100% of the tax capacity of the proposed district. If none of the parcels in the district were recertified, residential taxpayers could possibly expect to see an estimated reduction in their tax bills from \$61 up to an estimated \$307 annually. Pursuant to this direction, 100% of the tax capacity of the district would be certified for up to ten years (through 2020) or until the Target Debt is fully paid, at which time parcels representing 50% of the tax capacity of the district must be decertified.

As directed, Finance Department staff transmitted and delivered the plan to Council known as the Consolidated Tax Increment Financing Plan in time for its consideration on July 31, 2009. On July 31, 2009 the Council did not act to adopt the plan and authorize the establishment of the Consolidated Tax Increment Financing District (the "District"), but rather referred the item back to the Ways and Means/Budget Committee for further review and discussion.

Council Adopted Plan

On December 4, 2009 the City Council directed the Finance Staff to amend the Consolidated Tax Increment Financing Plan for the District to: (1) reduce the size of the proposed District to approx 50%, (2) adjust the tax increment budget contained in the plan accordingly, (3) change the tax increment allocation methodology or funding distribution and (4) reduce the maximum amount of bonds to be issued shown in the plan and (5) and then return to the Committee of Whole on December 17, 2009 with the amended plan and related documents for its consideration. The City Council approved the Consolidated TIF plan, as amended, on December 18, 2009.

The District, as adopted, is comprised of five of the former pre-1979 TIF districts. It represents 50.8% of the total net tax capacity of all of the former pre-1979 TIF districts and contains 51 percent of the parcels. The District represents the most diverse and stable subset of pre-1979 TIF districts that achieves the 50% target.

The tax increment that will be received each year from the District shall first be used to 1) make the necessary reimbursement payments to Hennepin County required under the Special Legislation, and 2) pay for the City and County costs of administering the District. The remaining "Net Tax Increment" to be allocated:

- 50% for Target Center debt service and
- 50% for neighborhood revitalization purposes

Financial recommendation for Target Center principal and interest and neighborhood operations and programming

The 10-year Consolidated TIF budget projects Net Tax Increment of \$53,650,000 being available for both Target Center Debt and Neighborhood Revitalization purposes, for a total of approx \$107.3 million for both activities over the 10 year life of the District.

The current Target Center finance plan (absent the 2008 special State legislation allowing for the formation of the Consolidated Tax Increment Financing District) is not structurally balanced. While the current debt is being refunded as of year-end 2009 to reflect a reduced interest rate due to the current market conditions, the financial plan does not take into account two cost pressures: an operating subsidy for the operator (up to \$1.6 million annually) and capital refurbishment of the arena (\$2-3 million annually). The revenue to come from the Consolidated TIF district, along with the interest savings from the refunding of the debt provides the opportunity to redirect resources to the unfunded capital and operating needs. The Finance Department will prepare an updated finance plan for the Target Center arena based upon these actions.

The current plan relies on the following revenue sources:

- *Property tax* generated at the arena - \$100,000 annually through 2012, \$550,000 when the arena TIF district decertifies in 2013 and beyond.

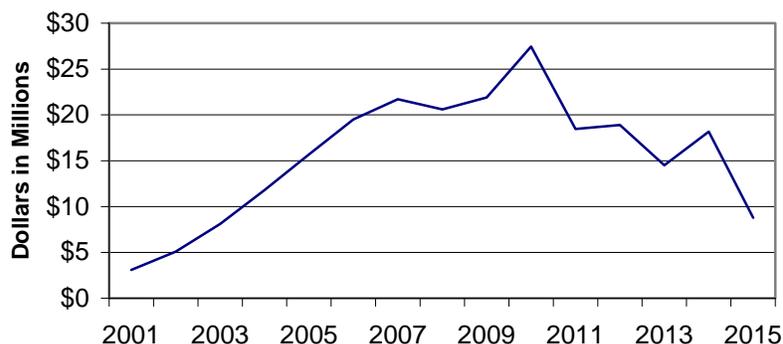
- *Tax Increment* from the Arena - \$1 million annually through 2012. This resource may only be used for debt service, certain administrative costs, and capital costs.
- *Entertainment tax* generated at the arena - \$1.1 million annually.
- *Event parking* - \$2.6 annually million in 2010, escalating to \$5.6 million by 2024.
- *Tax Increment* from the Common Project – approximately \$1.9 million annually through 2013 and \$1.6 million annually through 2024. This resource may only be used for debt service, certain administrative costs, and capital costs.

Of these resources only entertainment tax, parking revenues and property tax can be used to fund the operating subsidy. But for dedication in the plan, any of these three resources could be used to reduce financial pressures in the general fund or the parking fund. The \$750,000 annual payment from the Minnesota Amateur Sports Commission was repealed in 2009, increasing the pressure on the current plan.

Capital and Debt Service (including pensions)

Neither 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 for 2010 and beyond in order to begin planning for expanded capital needs. This level of increase does not keep up with inflation. In response to critical demands, the Mayor implemented an accelerated infrastructure program in 2009 by allocating additional net debt and trust fund resources of \$26.8 million for years 2009 – 2013 and has made a one-time allocation of \$5 million from the general fund for 2010 to help with the backlog of infrastructure needs. Even with these extra resources, there remains considerable pent up demand for public works, park board and technology infrastructure investment.

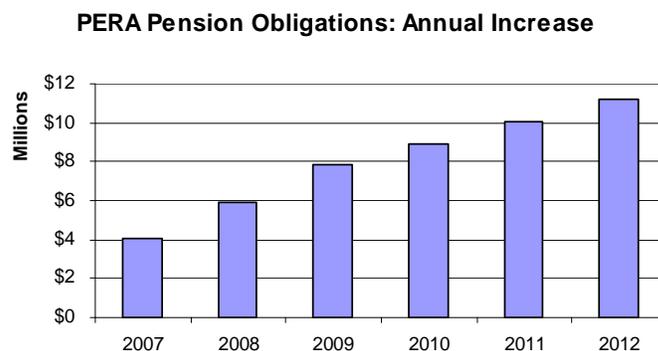
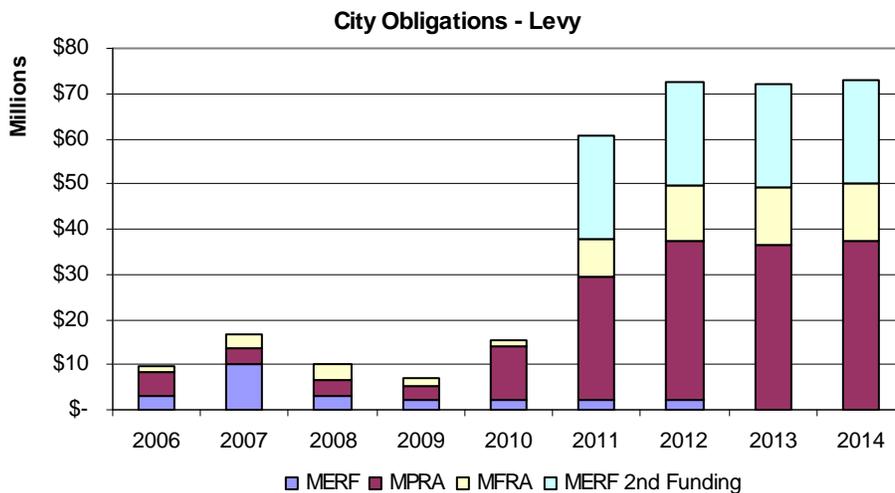
Funding for internal service fund long-term financial plans. To meet the goals of the adopted long-term financial plans, these expenditures will continue to make up a substantial portion of the City’s budget until 2011 when these expenditures begin to decrease. The 2008 adopted long-term financial plans were going to begin reducing the General Fund’s contribution to the internal service funds in 2010, but to create capacity in future years, the General Fund will prepay a significant portion of the 2011 and 2012 obligations.



In addition, as one-time resources have become available, the elected officials have prioritized the avoidance and pay down of debt. The following table highlights these important decisions:

Description (year decided)	Amount (millions)
Hilton Legacy Fund (2003) – proceeds from the sale of the City's share in the downtown hotel.	\$12.5
Year-end savings from 2004 (2005)	\$15.0
One-time LGA, general fund resources (2005 for 2006)	\$10.0
2007 one-time resources	\$3.0
Pre-payment of BIS workout plan obligations for 2012 (2009)	\$1.5
Pre-payment of Self Insurance Fund workout plan obligations for 2011 (2010)	\$3.5
Payment of pension obligations (2010 Revised)	\$2.8
Total	\$46.4

Funding for increasing pension liabilities. The property tax needed to support closed pension fund-related debt service will be \$24 million in total obligations in 2010, which is estimated to grow to \$37.6 million in total obligations in 2011. The closed pension fund obligations are based on an approximately -30% return experienced in 2008 and the assumption the funds will achieve a 6% investment return in 2009. The five-year financial direction anticipates an additional future obligation may be assigned to the City for the asset losses in the Minneapolis Employees Retirement Fund beginning in 2012. The City also has increasing obligations for the pension plan most City employees are in, the Public Employees Retirement Association (PERA).



Change in Cushion for Adverse Circumstances

The original financial direction in January, 2003 was based upon a 4% salary increase. Subsequent updates assumed the 2% salary cap through 2007. Assuming 2.5% wage growth, the new tax policy and department reductions in 2010, a cushion exists for adverse circumstances. Examples of adverse circumstances the City has encountered include reductions in LGA, unemployment costs and increased pension obligations.

For the 2011-2015 five-year financial direction, all available funds remaining on the bottom line have been included in contingency to pay for unemployment costs in 2010 as well as unforeseen costs such as pensions.

Change in cushion for adverse circumstances (dollars in millions)							
Year	2005-2009 Forecasted Cushion	2006-2010 Adopted Cushion	2007-2011 Adopted Cushion	2008-2012 Adopted Cushion	2009-2013 Adopted Cushion	2010-2014 Revised Cushion*	2011-2015 Recomm. Cushion
2005 (adopted)	4.5	n/a	n/a	n/a	n/a	n/a	n/a
2006 (adopted)	12.5	4.6	n/a	n/a	n/a	n/a	n/a
2007 (adopted)	20.5	9.2	0.3	n/a	n/a	n/a	n/a
2008 (adopted)	27.5	11.8	0.3	2.3	n/a	n/a	n/a
2009 (adopted)	37.1	17.4	1.4	2.1	7.5	n/a	n/a
2010 (recomm.)	n/a	23.9	4.8	5.7	3.5	-29.2	n/a
2011 (estimate)	n/a	n/a	4.9	2.2	0.0	-38.9	0.0
2012 (estimate)	n/a	n/a	n/a	4.0	0.5	-42.0	0.0
2013 (estimate)	n/a	n/a	n/a	n/a	0.7	-39.9	0.0
2014 (estimate)	n/a	n/a	n/a	n/a	n/a	-29.9	0.0
2015 (estimate)	n/a	n/a	n/a	n/a	n/a	n/a	0.0

*As stated previously, the Council did not adopt additional reductions to growth for 2010-2014 in the revised budget given extraordinary circumstances. The 2010 estimate reflected the amount of permanent cuts needed to balance the 2010 budget, with future balances transferred to the operating contingency.

What other pressures does the City face in future planning efforts?

The City faces several pressures for which a policy decision has yet to be reached:

- *Property taxes:* Future projections plan on the Council adopted property tax increases (outlined below) to support future services – reducing the growth in property taxes in the face of declining LGA and increase pension costs will require more department reductions.
- *Park Board:* Like other participants in the City’s capital funding pool, the Park Board faces significant capital pressures to maintain the facilities it operates.
- *Enterprise funds:* The enterprise funds have experienced a decline in their financial condition (primarily working capital), largely related to increasing debt loads related to approved capital projects.
- *Performance Information:* As the City continues to gain experience with using results information for performance discussions, it will need to undertake benchmark development in using this information for financial decision making.
- *Department Reductions:* The City will continue to see issues with ability to keep up with enterprise demands while subject to increased costs.
- *Higher Police Service Levels:* Now that the Police Department is back at its pre-2003 state aid reduction strength, the challenge of making the best use of these resources and

adapting to new technology becomes the central focus of the department's financial and business planning.

- *Annual Buying Commitment for Wireless Services:* As part of the agreement with US Internet to build a citywide wireless network, the City committed to purchase \$1.2 million of wireless services each year. The transition from wired to wireless technology will require tradeoffs within departmental budgets.

Assumptions for 2011-2015

- The tax policy for 2011-2015 is as follows: 9.3% in 2011; 6.5% in 2012-2014; 6% thereafter. These percentages reflect statutorily-required costs and provide for the following current service level cost escalator for departments and independent boards: 3.9% in 2011, 4.3% in 2012, 4.4% in 2013, 3.9% in 2014, and 4.4% in 2015.
- Contingency increased through 2013 to provide cushion for uncertainty related to pension costs and economic conditions.
- No more than a 2.5% salary increase is funded by new resources.
- Health increases changed from 20% in 2012-2015 to 16%.
- 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.
- Reductions in LGA of \$0.265 million annually (excluding independent boards) are reflected in 2011-2015.
- 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 (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.
- Currently adopted pension law is reflected.
- Pension estimates include the impact of one year (2008) of -30% investment returns based on actual returns.
- Full funding of pension and internal service fund debts are included. Constraints in internal service funds are maintained.
- Base entertainment tax from the Convention Center fund flows at a higher rate (about \$10.2 million) due to the revenue stream from Target Field sales.
- No changes to state tax law regarding property taxes (including removal of levy limits, changes to classification rates, and change to phase-out of limited market value).

NEW IN 2010 - Property Tax Revenue Distribution. In 2009 (for 2010), the Mayor proposed and Council adopted the distribution of revenue be based on the sum of the following: total property tax revenue, total Local Government Aid revenue, and total General Fund revenues. From this total, shared costs are deducted, including: pension obligations, previously approved internal service fund workout plans, the Bond Redemption Fund levy, the Permanent Improvement Fund levy, the Minneapolis Public Housing Authority special levy, the Teacher's Retirement Association special levy, the Library Market Value Referendum levy, the levy for the Board of Estimate and Taxation, General Fund Overhead associated with the Park Board and Municipal Building Commission (MBC), General Fund Overhead for others, and General Fund transfers to other funds. The remaining revenues are then identified as being available for "activities."

"Activity" definition for MBC excludes the General Fund Overhead transfer to the City. "Activity" definition for the Park Board excludes the General Fund Overhead transfer to the City, the HR Benefits Administration Fee paid to the City and the Park Board levy supported capital projects.

The annual percentage change in revenue available for activities of the City, Park Board and MBC will be the same for each entity beginning in 2011.

2010 ->>> 2015 Adopted
Activities Approach

Activities Approach Levy & LGA Entities	for	2010	2011	2012	2013	2014	2015
Estimated CSL Cost Escalator			3.90%	4.30%	4.40%	3.90%	4.40%
Municip Building Commission							
Tax Levy \$\$		\$4,413,217	\$4,611,082	\$4,816,277	\$5,035,522	\$5,239,284	\$5,476,817
Tax Rev \$\$		\$4,244,734	\$4,391,515	\$4,592,039	\$4,806,294	\$5,005,419	\$5,237,545
One time revenue for elevator repair		\$60,000					
One time expenditure for elevator repair		(\$60,000)					
Trf to City General Fund OH		(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)	(\$45,000)
LGA Rev		\$145,889	\$173,677	\$172,774	\$171,871	\$170,968	\$170,065
MBC Activities		\$4,345,623	\$4,520,192	\$4,719,813	\$4,933,165	\$5,131,387	\$5,362,610
\$ Change		(\$104,121)	\$174,569	\$199,621	\$213,352	\$198,222	\$231,223
% Change		-2.34%	4.02%	4.42%	4.52%	4.02%	4.51%
Park & Recreation Board							
Tax Levy \$\$		\$45,488,280	\$48,308,492	\$50,701,198	\$53,253,991	\$55,636,371	\$58,399,811
Tax Rev \$\$		\$43,680,614	\$46,314,827	\$48,653,338	\$51,148,297	\$53,476,757	\$56,177,576
Trf to City General Fund OH		(\$811,687)	(\$811,687)	(\$811,687)	(\$811,687)	(\$811,687)	(\$811,687)
Trf to City General Admin Fee		(\$121,056)	(\$125,899)	(\$130,935)	(\$136,172)	(\$141,619)	(\$147,283)
Capital Projects from Levy		(\$1,528,800)	(\$1,589,952)	(\$1,653,554)	(\$1,719,704)	(\$1,788,500)	(\$1,860,040)
LGA Rev		\$7,423,928	\$6,809,754	\$6,774,348	\$6,738,942	\$6,703,536	\$6,668,130
Park Board Activities		\$48,642,999	\$50,597,043	\$52,831,510	\$55,219,676	\$57,438,487	\$60,026,696
\$ Change		(\$1,165,407)	\$1,954,044	\$2,234,467	\$2,388,166	\$2,218,811	\$2,588,209
% Change		-2.34%	4.02%	4.42%	4.52%	4.02%	4.51%
General Fund Levy							
Tax Levy \$\$		\$171,974,478	\$167,245,987	\$209,396,867	\$193,566,775	\$239,812,903	\$215,471,042
Tax Rev \$\$		\$163,313,107	\$158,809,629	\$200,079,526	\$184,525,453	\$229,809,094	\$205,910,053
Trf to County for Library System		(\$6,721,000)	(\$5,853,000)	(\$4,982,000)	(\$4,106,000)	(\$3,238,000)	(\$2,363,000)
Trf to Other Funds		(\$1,000,000)	(\$898,000)	(\$962,000)	(\$983,000)	(\$848,000)	(\$768,000)
Trf to Target Center Finance Plan		(\$92,000)	(\$92,000)	(\$92,000)	(\$550,000)	(\$550,000)	(\$550,000)
Trf to Solid Waste Graffiti		(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)	(\$50,000)
Capital Projects from Levy		(\$5,000,000)	\$0	\$0	\$0	\$0	\$0
Gfd OH Not recovered Park Bd		(\$1,287,025)	(\$1,369,521)	(\$1,464,025)	(\$1,564,885)	(\$1,658,218)	(\$1,767,622)
Gfd OH Not recovered from MBC		(\$184,927)	(\$193,894)	(\$204,167)	(\$215,130)	(\$225,275)	(\$237,167)
Gfd OH Not recovered from Others		(\$3,004,803)	(\$3,965,982)	(\$5,067,075)	(\$6,242,222)	(\$7,329,661)	(\$8,604,362)
Gfd OH Recovered from Others		(\$21,640,821)	(\$21,640,821)	(\$21,640,821)	(\$21,640,821)	(\$21,640,821)	(\$21,640,821)
Trf to Internal Service Fds Workout Plans		(\$25,205,000)	(\$17,965,000)	(\$20,392,000)	(\$17,916,000)	(\$14,773,000)	(\$8,787,000)
Trf to Pension Debt Service Sinking Fd		(\$8,702,400)	(\$496,860)	(\$26,883,360)	\$0	(\$36,346,240)	(\$3,988,600)
One time resources							
Transfer to MBC for elevator repair		(\$60,000)					
BIS/Public Works for wireless installation in vehicles		(\$360,000)					
BIS/Public Works for wireless poles		(\$800,000)					
Citywide for pension debt avoidance		(\$2,810,000)					
Finance process improvements		(\$500,000)					
Citywide for retirement incentive for sworn personnel		(\$500,000)					
MPD ticket writers		(\$250,000)					
MPD for fitness testing		(\$180,000)					
Public Works for pothole filling		(\$500,000)					
Public Works for sealcoating		(\$500,000)					
Subtotal General Fund for Others		(\$79,347,976)	(\$52,525,078)	(\$81,737,448)	(\$53,268,058)	(\$86,659,215)	(\$48,756,573)
General Fund Revenue		\$142,525,000	\$137,230,000	\$138,430,000	\$139,666,000	\$140,940,000	\$142,251,000
LGA Rev		\$56,416,914	\$50,716,569	\$50,452,878	\$50,189,187	\$49,925,496	\$49,661,805
General Fund Activities		\$282,907,045	\$294,231,120	\$307,224,956	\$321,112,582	\$334,015,375	\$349,066,285
\$ Change		(\$6,762,230)	\$11,324,075	\$12,993,836	\$13,887,626	\$12,902,793	\$15,050,910
% Change		-2.34%	4.02%	4.42%	4.52%	4.02%	4.51%
LGA Rev in Total		\$63,986,731	\$57,700,000	\$57,400,000	\$57,100,000	\$56,800,000	\$56,500,000
Activities in Total		\$335,895,667	\$349,348,355	\$364,776,279	\$381,265,423	\$396,585,249	\$414,455,591

2010 Property Tax Supported Budgets						
	2010 Council Revised Budget	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
			Other General City Revenues****	Local Government Aid	Property Tax Revenue	
General Fund						
General Fund Commitments						
Internal Service Funds Financial Plans	26.165	-	-	-	26.165	26.165
Graffiti Removal	0.050	-	-	-	0.050	0.050
Target Center Financial Plan	0.092	-	-	-	0.092	0.092
Transfers for City Hall rent	0.612	-	-	-	0.612	0.612
Payment to County for Library System	6.721	-	-	6.721	-	6.721
Transfer to Capital Improvement Fund	5.000	-	-	-	5.000	5.000
Pension Debt Service Mgmt Plan	11.651	-	-	-	11.651	11.651
Total General Fund Commitments	50.290	-	-	6.721	43.569	50.290
General Fund Activities						
Police	123.869	8.270	37.485	21.805	54.420	121.980
Fire	53.686	4.945	15.805	9.194	22.946	52.889
Subtotal for Police & Fire	177.555	13.215	53.290	30.999	77.366	174.869
311	3.020	-	0.979	0.570	1.422	2.970
911	7.485	-	2.427	1.412	3.524	7.363
Assessor	3.986	0.063	1.272	0.740	1.847	3.922
Attorney	7.662	0.010	2.481	1.443	3.602	7.537
BIS	-	-	-	-	-	-
City Clerk/Elections/City Council	7.496	0.049	2.415	1.405	3.506	7.374
City Coordinator Administration	1.439	-	0.467	0.271	0.677	1.415
Civil Rights	2.029	-	0.658	0.383	0.955	1.996
Communications	2.424	3.479	-	-	-	3.479
Community Planning & Economic Development (CPED)	3.445	1.101	0.760	0.442	1.103	3.406
Contingency*	2.575	-	0.835	0.486	1.212	2.533
Finance	19.715	0.033	6.382	3.712	9.265	19.393
Health and Family	3.320	-	1.076	0.626	1.563	3.265
Human Resources	5.788	-	1.877	1.092	2.725	5.693
Intergovernmental Relations	1.523	-	0.494	0.287	0.717	1.499
Internal Audit	0.200	-	0.065	0.038	0.094	0.197
Mayor	1.467	-	0.476	0.277	0.691	1.443
Neighborhood & Community Relations	1.236	-	0.401	0.233	0.582	1.216
Public Works	40.906	12.913	9.077	5.280	13.178	40.449
Regulatory Services	27.999	31.249	-	-	-	31.249
Subtotal for all other departments	143.715	48.897	32.142	18.697	46.664	146.401
Total General Fund Activities**	321.270	62.112	85.432	49.696	124.030	321.270
Total General Fund	371.560	62.112	85.432	56.417	167.599	371.560
Other Property Tax-Supported Commitments						
Capital - Permanent Improvement	1.666	-	-	-	1.666	1.666
Debt Service	15.819	-	-	-	15.819	15.819
Subtotal	17.485	-	-	-	17.485	17.485
Pensions - Direct Levy for MPRA, MFRA and MERF	15.208	-	-	-	15.208	15.208
Total Property Tax Supported Commitments	404.253	62.112	85.432	56.417	200.292	404.253
(Additional cuts needed)/Cushion for adverse circumstances		(0.000)				
Total Pension Costs	2009 Expense 21.560	2010 Expense 26.859	% change from 2009 24.6%			

*Contingency is increased on a one-time basis to pay unemployment costs

**The General Fund subsidizes activities provided to the Park Board (\$1.3 million), the Municipal Building Commission (\$185,000) and grant funds and others (\$3 million) as determined by the General Fund Overhead Rate Model.

***Police and Fire were appropriated \$3.5 million in one-time money from contingency to allow the departments to meet budget reductions over a two-year period. The five-year financial direction shows that money as a 2010 increase only, but departments may rollover unspent appropriation into 2011.

****The balance of the 2009 Actual General Fund (\$10.1 million) was used to fund the one-time initiatives the Mayor recommended and Council adopted as part of the revised budget as well as to cover the remaining reductions necessary due to meet the loss in state aid.

2011 Property Tax Supported Budgets																		
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	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>			Total Revenues									
						Other General City Revenues	Local Government Aid	Property Tax Revenue										
General Fund																		
<u>General Fund Commitments</u>																		
Internal Service Funds Financial Plans	26.165	(8.200)	-	17.965	-	-	-	17.965	17.965									
Graffiti Removal	0.050	-	-	0.050	-	-	-	0.050	0.050									
Target Center Financial Plan	0.092	-	-	0.092	-	-	-	0.092	0.092									
Transfers for City Hall rent	0.612	0.024	-	0.636	-	-	-	0.636	0.636									
Payment to County for Library System	6.721	(0.868)	-	5.853	-	-	5.853	-	5.853									
Transfer to Capital Improvement Fund	5.000	(5.000)	-	-	-	-	-	-	-									
Pension Debt Service Mgmt Plan	11.651	(11.015)	-	0.636	-	-	-	0.636	0.636									
Total General Fund Commitments	50.290	(25.059)	-	25.232	-	-	5.853	19.379	25.232									
<u>General Fund Activities</u>																		
Police	123.869	2.891	(1.709)	125.051	8.270	33.436	19.870	63.475	125.051									
Fire	53.686	0.696	(0.641)	53.741	5.145	13.914	8.268	26.414	53.741									
Subtotal for Public Safety	177.555	3.587	(2.350)	178.792	13.415	47.350	28.138	89.889	178.792									
311	3.020	0.013	(0.039)	2.994	-	0.857	0.509	1.627	2.994									
911	7.485	0.134	(0.176)	7.444	-	2.131	1.267	4.046	7.444									
Assessor	3.986	0.121	(0.066)	4.041	0.063	1.139	0.677	2.162	4.041									
Attorney	7.662	0.186	(0.038)	7.811	0.010	2.233	1.327	4.240	7.811									
BIS	-	-	-	-	-	-	-	-	-									
City Clerk/Elections/City Council	7.496	(0.406)	-	7.090	0.049	2.016	1.198	3.827	7.090									
City Coordinator Administration	1.439	0.076	-	1.515	-	0.434	0.258	0.824	1.515									
Civil Rights	2.029	0.086	(0.062)	2.053	-	0.588	0.349	1.116	2.053									
Communications	2.424	0.041	(0.054)	2.411	3.479	(0.306)	(0.182)	(0.580)	2.411									
Community Planning & Economic Development (CPED)	3.445	0.094	(0.081)	3.457	1.101	0.675	0.401	1.281	3.457									
Contingency	2.575	4.983	-	7.558	-	2.164	1.286	4.108	7.558									
Finance	19.715	0.088	(0.204)	19.599	0.021	5.605	3.331	10.641	19.599									
Health and Family	3.320	0.124	(0.063)	3.381	-	0.968	0.575	1.838	3.381									
Human Resources	5.788	0.130	(0.137)	5.781	-	1.655	0.984	3.142	5.781									
Intergovernmental Relations	1.523	(0.114)	-	1.409	-	0.403	0.240	0.766	1.409									
Internal Audit	0.200	0.019	-	0.219	-	0.063	0.037	0.119	0.219									
Mayor	1.467	0.019	(0.005)	1.481	-	0.424	0.252	0.805	1.481									
Neighborhood & Community Relations	1.236	(0.600)	-	0.636	-	0.182	0.108	0.346	0.636									
Public Works	40.906	0.351	(0.429)	40.829	12.363	8.150	4.843	15.472	40.829									
Regulatory Services	27.999	0.868	(0.075)	28.792	32.186	(0.972)	(0.578)	(1.845)	28.792									
Subtotal for all other departments	143.715	6.214	(1.429)	148.500	49.272	28.411	16.883	53.934	148.500									
Total General Fund Activities	321.270	9.801	(3.779)	327.292	62.688	75.761	45.021	143.823	327.292									
Total General Fund	371.560	(15.257)	(3.779)	352.524	62.688	75.761	50.874	163.202	352.524									
<u>Other Property Tax-Supported Commitments</u>																		
Capital - Permanent Improvement	1.666	0.196	-	1.862	-	-	-	1.862	1.862									
Debt Service	15.819	2.664	-	18.483	-	-	-	18.483	18.483									
Subtotal	17.485	2.860	-	20.345	-	-	-	20.345	20.345									
Pensions - Direct Levy for MPRA, MFRA and MERF	15.208	21.731	-	36.939	-	-	-	36.939	36.939									
Total Property Tax Supported Commitments	404.253	9.334	(3.779)	409.808	62.688	75.761	50.874	220.485	409.808									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width: 30%;">Total Pension Costs</td> <td style="width: 10%;">2010 Expense</td> <td style="width: 10%;">2011 Expense</td> <td style="width: 10%;">% change</td> <td style="width: 40%;"></td> </tr> <tr> <td style="text-align: center;">26.859</td> <td style="text-align: center;">37.575</td> <td style="text-align: center;">39.9%</td> <td style="text-align: right;">2010 Max 205.553 2011 Max 220.485 (Additional cuts needed)/Cushion for adverse circumstances 0.000</td> </tr> </table>										Total Pension Costs	2010 Expense	2011 Expense	% change		26.859	37.575	39.9%	2010 Max 205.553 2011 Max 220.485 (Additional cuts needed)/Cushion for adverse circumstances 0.000
Total Pension Costs	2010 Expense	2011 Expense	% change															
	26.859	37.575	39.9%	2010 Max 205.553 2011 Max 220.485 (Additional cuts needed)/Cushion for adverse circumstances 0.000														

2012 Property Tax Supported Budgets																			
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues										
						Other General City Revenues	Local Government Aid	Property Tax Revenue											
General Fund																			
<u>General Fund Commitments</u>																			
Internal Service Funds Financial Plans	17.965	2.427	-	20.392	-	-	-	20.392	20.392										
Graffiti Removal	0.050	-	-	0.050	-	-	-	0.050	0.050										
Target Center Financial Plan	0.092	-	-	0.092	-	-	-	0.092	0.092										
Transfers for City Hall rent	0.636	0.025	-	0.662	-	-	-	0.662	0.662										
Payment to County for Library System	5.853	(0.871)	-	4.982	-	-	4.982	-	4.982										
Transfer to Capital Improvement Fund	-	-	-	-	-	-	-	-	-										
Pension Debt Service Mgmt Plan	0.636	26.386	-	27.022	-	-	-	27.022	27.022										
Total General Fund Commitments	25.232	27.967	-	53.199	-	-	4.982	48.217	53.199										
<u>General Fund Activities</u>																			
Police	125.051	4.825	-	129.877	8.270	33.207	19.960	68.440	129.877										
Fire	53.741	2.074	-	55.814	5.145	13.836	8.317	28.517	55.814										
Subtotal for Public Safety	178.792	6.899	-	185.691	13.415	47.043	28.276	96.957	185.691										
311	2.994	0.116	-	3.109	-	0.849	0.510	1.750	3.109										
911	7.444	0.287	-	7.731	-	2.111	1.269	4.351	7.731										
Assessor	4.041	0.156	-	4.197	0.063	1.129	0.679	2.327	4.197										
Attorney	7.811	0.301	-	8.112	0.010	2.212	1.330	4.560	8.112										
City Clerk/Elections/City Council	7.090	0.674	-	7.763	0.049	2.107	1.266	4.342	7.763										
City Coordinator Administration	1.515	0.058	-	1.574	-	0.430	0.258	0.886	1.574										
Civil Rights	2.053	0.079	-	2.132	-	0.582	0.350	1.200	2.132										
Communications	2.411	0.093	-	2.504	3.479	(0.266)	(0.160)	(0.549)	2.504										
Community Planning & Economic Development (CPED)	3.457	0.133	-	3.591	1.101	0.680	0.409	1.401	3.591										
Contingency	7.558	2.085	-	9.642	-	2.633	1.583	5.427	9.642										
<i>Health care contingency</i>				<i>1.463</i>															
Finance	19.599	(0.212)	-	19.387	0.021	5.288	3.179	10.899	19.387										
Health and Family	3.381	0.130	-	3.511	-	0.959	0.576	1.976	3.511										
Human Resources	5.781	0.223	-	6.004	-	1.640	0.986	3.379	6.004										
Intergovernmental Relations	1.409	0.054	-	1.463	-	0.400	0.240	0.824	1.463										
Internal Audit	0.219	0.008	-	0.227	-	0.062	0.037	0.128	0.227										
Mayor	1.481	0.057	-	1.538	-	0.420	0.252	0.866	1.538										
Neighborhood & Community Relations	0.636	0.025	-	0.661	-	0.180	0.108	0.372	0.661										
Public Works	40.829	1.575	-	42.404	12.363	8.203	4.931	16.907	42.404										
Regulatory Services	28.792	1.611	-	30.403	33.152	(0.751)	(0.451)	(1.547)	30.403										
Subtotal for all other departments	148.500	7.455	-	155.956	50.238	28.868	17.352	59.498	155.956										
Total General Fund Activities	327.292	14.354	-	341.647	63.653	75.911	45.628	156.455	341.647										
Total General Fund	352.524	42.322	-	394.846	63.653	75.911	50.610	204.672	394.846										
<u>Other Property Tax-Supported Commitments</u>																			
Capital - Permanent Improvement	1.862	0.196	-	2.058	-	-	-	2.058	2.058										
Debt Service	18.483	(2.862)	-	15.621	-	-	-	15.621	15.621										
Subtotal	20.345	(2.666)	-	17.679	-	-	-	17.679	17.679										
Pensions - Direct Levy for MPRA, MFRA and MERF	36.939	(22.662)	-	14.277	-	-	-	14.277	14.277										
Total Property Tax Supported Commitments	409.808	16.994	-	426.802	63.653	75.911	50.610	236.628	426.802										
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	2011 Expense	2012 Expense	% change																
Total Pension Costs	37.575	41.299	9.9%	2011 Max 220.485 2012 Max 236.628 (Additional cuts needed)/Cushion for adverse circumstances 0.000															

2013 Property Tax Supported Budgets									
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	Allocated Revenues for Presentation Purposes <i>These revenues are receipted at the Fund Level, but have been allocated to departments in this table for presentation purposes.</i>			Total Revenues
						Other General City Revenues	Local Government Aid	Property Tax Revenue	
General Fund									
<i>General Fund Commitments</i>									
Internal Service Funds Financial Plans	20.392	(5.576)	-	14.816	-	-	-	14.816	14.816
Graffiti Removal	0.050	-	-	0.050	-	-	-	0.050	0.050
Target Center Financial Plan	0.092	0.458	-	0.550	-	-	-	0.550	0.550
Transfers for City Hall rent	0.662	0.026	-	0.688	-	-	-	0.688	0.688
Payment to County for Library System	4.982	(0.876)	-	4.106	-	-	4.106	-	4.106
Transfer to Capital Improvement Fund	-	-	-	-	-	-	-	-	-
Pension Debt Service Mgmt Plan	27.022	(26.883)	-	0.139	-	-	-	0.139	0.139
Total General Fund Commitments	53.199	(32.851)	-	20.349	-	-	4.106	16.243	20.349
<i>General Fund Activities</i>									
Police	129.877	5.021	-	134.898	8.270	32.558	19.832	74.238	134.898
Fire	55.814	2.158	-	57.972	5.145	13.583	8.274	30.971	57.972
Subtotal for Public Safety	185.691	7.179	-	192.870	13.415	46.141	28.105	105.209	192.870
311	3.109	0.120	-	3.229	-	0.830	0.506	1.893	3.229
911	7.731	0.299	-	8.030	-	2.065	1.258	4.708	8.030
Assessor	4.197	0.162	-	4.359	0.063	1.105	0.673	2.519	4.359
Attorney	8.112	0.314	-	8.426	0.010	2.164	1.318	4.934	8.426
City Clerk/Elections/City Council	7.763	0.400	-	8.163	0.049	2.086	1.271	4.757	8.163
City Coordinator Administration	1.574	0.061	-	1.635	-	0.420	0.256	0.958	1.635
Civil Rights	2.132	0.082	-	2.215	-	0.569	0.347	1.298	2.215
Communications	2.504	0.097	-	2.601	3.479	(0.226)	(0.137)	(0.515)	2.601
Community Planning & Economic Development (CPED)	3.591	0.139	-	3.730	1.101	0.676	0.412	1.541	3.730
Contingency	9.642	5.304	-	14.946	-	3.843	2.341	8.762	14.946
<i>Health care contingency</i>				<i>2.009</i>					
Finance	19.387	0.750	-	20.136	0.021	5.172	3.150	11.793	20.136
Health and Family	3.511	0.136	-	3.647	-	0.938	0.571	2.138	3.647
Human Resources	6.004	0.232	-	6.237	-	1.604	0.977	3.656	6.237
Intergovernmental Relations	1.463	0.057	-	1.520	-	0.391	0.238	0.891	1.520
Internal Audit	0.227	0.009	-	0.236	-	0.061	0.037	0.138	0.236
Mayor	1.538	0.059	-	1.598	-	0.411	0.250	0.937	1.598
Neighborhood & Community Relations	0.661	0.026	-	0.686	-	0.176	0.107	0.402	0.686
Public Works	42.404	1.639	-	44.044	12.363	8.146	4.962	18.573	44.044
Regulatory Services	30.403	1.175	-	31.579	34.147	(0.660)	(0.402)	(1.506)	31.579
Subtotal for all other departments	155.956	11.061	-	167.016	51.233	29.770	18.134	67.880	167.016
Total General Fund Activities	341.647	18.240	-	359.887	64.648	75.911	46.239	173.089	359.887
Total General Fund	394.846	(14.611)	-	380.235	64.648	75.911	50.345	189.332	380.235
<i>Other Property Tax-Supported Commitments</i>									
Capital - Permanent Improvement	2.058	0.196	-	2.254	-	-	-	2.254	2.254
Debt Service	15.621	1.529	-	17.150	-	-	-	17.150	17.150
Subtotal	17.679	1.725	-	19.404	-	-	-	19.404	19.404
Pensions - Direct Levy for MPRA, MFRA and MERF	14.277	37.123	-	51.400	-	3.192	-	48.208	51.400
Total Property Tax Supported Commitments	426.802	24.237	-	451.039	64.648	79.103	50.345	256.944	451.039
Total Pension Costs	2012 Expense 41.299	2013 Expense 51.539	% change 24.8%			2012 Max 2013 Max (Additional cuts needed)/Cushion for adverse circumstances	236.628 256.944 0.000		

2014 Property Tax Supported Budgets																		
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	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>			Total Revenues									
						Other General City Revenues	Local Government Aid	Property Tax Revenue										
General Fund																		
<u>General Fund Commitments</u>																		
Internal Service Funds Financial Plans	14.816	3.057	-	17.873	-	-	-	17.873	17.873									
Graffiti Removal	0.050	-	-	0.050	-	-	-	0.050	0.050									
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550									
Transfers for City Hall rent	0.688	0.028	-	0.716	-	-	-	0.716	0.716									
Payment to County for Library System	4.106	(0.868)	-	3.238	-	-	3.238	-	3.238									
Transfer to Capital Improvement Fund	-	-	-	-	-	-	-	-	-									
Pension Debt Service Mgmt Plan	0.139	36.346	-	36.485	-	-	-	36.485	36.485									
Total General Fund Commitments	20.349	38.563	-	58.911	-	-	3.238	55.673	58.911									
<u>General Fund Activities</u>																		
Police	134.898	4.336	-	139.234	8.270	33.283	20.538	77.144	139.234									
Fire	57.972	1.864	-	59.836	5.145	13.899	8.577	32.215	59.836									
Subtotal for Public Safety	192.870	6.200	-	199.070	13.415	47.181	29.115	109.359	199.070									
311	3.229	0.104	-	3.333	-	0.847	0.523	1.963	3.333									
911	8.030	0.258	-	8.288	-	2.106	1.300	4.882	8.288									
Assessor	4.359	0.140	-	4.499	0.063	1.127	0.696	2.613	4.499									
Attorney	8.426	0.271	-	8.697	0.010	2.208	1.362	5.117	8.697									
City Clerk/Elections/City Council	8.163	0.362	-	8.526	0.049	2.154	1.329	4.993	8.526									
City Coordinator Administration	1.635	0.053	-	1.687	-	0.429	0.265	0.994	1.687									
Civil Rights	2.215	0.071	-	2.286	-	0.581	0.358	1.346	2.286									
Communications	2.601	0.084	-	2.685	3.479	(0.202)	(0.125)	(0.468)	2.685									
Community Planning & Economic Development (CPED)	3.730	0.120	-	3.849	1.101	0.698	0.431	1.619	3.849									
Contingency	14.946	(6.700)	-	8.247	-	2.096	1.293	4.858	8.247									
<i>Health care contingency</i>				2.627														
Finance	20.136	0.647	-	20.784	0.021	5.276	3.256	12.230	20.784									
Health and Family	3.647	0.117	-	3.764	-	0.957	0.590	2.217	3.764									
Human Resources	6.237	0.200	-	6.437	-	1.636	1.009	3.792	6.437									
Intergovernmental Relations	1.520	0.049	-	1.569	-	0.399	0.246	0.924	1.569									
Internal Audit	0.236	0.008	-	0.244	-	0.062	0.038	0.144	0.244									
Mayor	1.598	0.051	-	1.649	-	0.419	0.259	0.971	1.649									
Neighborhood & Community Relations	0.686	0.022	-	0.708	-	0.180	0.111	0.417	0.708									
Public Works	44.044	1.416	-	45.459	12.363	8.411	5.190	19.495	45.459									
Regulatory Services	31.579	1.015	-	32.594	35.171	(0.655)	(0.404)	(1.518)	32.594									
Subtotal for all other departments	167.016	(1.711)	-	165.305	52.257	28.729	17.728	66.590	165.305									
Total General Fund Activities	359.887	4.488	-	364.375	65.672	75.911	46.843	175.949	364.375									
Total General Fund	380.235	43.051	-	423.286	65.672	75.911	50.081	231.622	423.286									
<u>Other Property Tax-Supported Commitments</u>																		
Capital - Permanent Improvement	2.254	0.196	-	2.450	-	-	-	2.450	2.450									
Debt Service	17.150	2.352	-	19.502	-	-	-	19.502	19.502									
Subtotal	19.404	2.548	-	21.952	-	-	-	21.952	21.952									
Pensions - Direct Levy for MPRA, MFRA and MERF	51.400	(35.554)	-	15.846	-	-	-	15.846	15.846									
Total Property Tax Supported Commitments	451.039	10.045	-	461.084	65.672	75.911	50.081	269.420	461.084									
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td rowspan="2" style="width: 30%;">Total Pension Costs</td> <td style="width: 10%;">2013 Expense</td> <td style="width: 10%;">2014 Expense</td> <td style="width: 10%;">% change</td> <td style="width: 40%;"></td> </tr> <tr> <td style="text-align: center;">51.539</td> <td style="text-align: center;">52.331</td> <td style="text-align: center;">1.5%</td> <td style="text-align: right;"> 2013 Max 256.944 2014 Max 269.421 (Additional cuts needed)/Cushion for adverse circumstances 0.000 </td> </tr> </table>										Total Pension Costs	2013 Expense	2014 Expense	% change		51.539	52.331	1.5%	2013 Max 256.944 2014 Max 269.421 (Additional cuts needed)/Cushion for adverse circumstances 0.000
Total Pension Costs	2013 Expense	2014 Expense	% change															
	51.539	52.331	1.5%	2013 Max 256.944 2014 Max 269.421 (Additional cuts needed)/Cushion for adverse circumstances 0.000														

2015 Property Tax Supported Budgets																																												
	Prior Year Total Expense	Projected Growth in Spending	Reduction to Growth in Spending	Current Year Total Expense	Direct Revenue (received by the department)	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>			Total Revenues																																			
						Other General City Revenues	Local Government Aid	Property Tax Revenue																																				
General Fund																																												
General Fund Commitments																																												
Internal Service Funds Financial Plans	17.873	(9.086)	-	8.787	-	-	-	8.787	8.787																																			
Graffiti Removal	0.050	-	-	0.050	-	-	-	0.050	0.050																																			
Target Center Financial Plan	0.550	-	-	0.550	-	-	-	0.550	0.550																																			
Transfers for City Hall rent	0.716	0.029	-	0.744	-	-	-	0.744	0.744																																			
Payment to County for Library System	3.238	(0.875)	-	2.363	-	-	2.363	2.363	2.363																																			
Transfer to Capital Improvement Fund	-	-	-	-	-	-	-	-	-																																			
Pension Debt Service Mgmt Plan	36.485	(32.357)	-	4.128	-	-	-	4.128	4.128																																			
Total General Fund Commitments	58.911	(42.289)	-	16.622	-	-	2.363	14.259	16.622																																			
General Fund Activities																																												
Police	139.234	4.920	-	144.154	8.270	32.533	20.337	83.013	144.154																																			
Fire	59.836	2.114	-	61.950	5.145	13.600	8.502	34.703	61.950																																			
Subtotal for Public Safety	199.070	7.034	-	206.104	13.415	46.134	28.839	117.717	206.104																																			
311	3.333	0.118	-	3.451	-	0.826	0.517	2.108	3.451																																			
911	8.288	0.293	-	8.581	-	2.054	1.284	5.242	8.581																																			
Assessor	4.499	0.159	-	4.658	0.063	1.100	0.688	2.807	4.658																																			
Attorney	8.697	0.307	-	9.004	0.010	2.153	1.346	5.495	9.004																																			
City Clerk/Elections/City Council	8.526	(0.199)	-	8.327	0.049	1.982	1.239	5.057	8.327																																			
City Coordinator Administration	1.687	0.060	-	1.747	-	0.418	0.261	1.067	1.747																																			
Civil Rights	2.286	0.081	-	2.367	-	0.567	0.354	1.446	2.367																																			
Communications	2.685	0.095	-	2.780	3.479	(0.167)	(0.105)	(0.427)	2.780																																			
Community Planning & Economic Development (CPED)	3.849	0.136	-	3.985	1.101	0.691	0.432	1.762	3.985																																			
Contingency	8.247	7.329	-	15.576	-	3.729	2.331	9.516	15.576																																			
<i>Health care contingency</i>				<i>3.377</i>																																								
Finance	20.784	0.734	-	21.518	0.021	5.147	3.217	13.133	21.518																																			
Health and Family	3.764	0.133	-	3.897	-	0.933	0.583	2.381	3.897																																			
Human Resources	6.437	0.227	-	6.664	-	1.596	0.997	4.071	6.664																																			
Intergovernmental Relations	1.569	0.055	-	1.624	-	0.389	0.243	0.992	1.624																																			
Internal Audit	0.244	0.009	-	0.252	-	0.060	0.038	0.154	0.252																																			
Mayor	1.649	0.058	-	1.707	-	0.409	0.256	1.043	1.707																																			
Neighborhood & Community Relations	0.708	0.025	-	0.733	-	0.176	0.110	0.448	0.733																																			
Public Works	45.459	1.606	-	47.066	12.363	8.309	5.194	21.200	47.066																																			
Regulatory Services	32.594	1.152	-	33.745	36.226	(0.594)	(0.371)	(1.516)	33.745																																			
Subtotal for all other departments	165.305	12.379	-	177.684	53.312	29.777	18.614	75.980	177.684																																			
Total General Fund Activities	364.375	19.413	-	383.788	66.727	75.911	47.453	193.697	383.788																																			
Total General Fund	423.286	(22.876)	-	400.410	66.727	75.911	49.816	207.956	400.410																																			
Other Property Tax-Supported Commitments																																												
Capital - Permanent Improvement	2.450	2.058	-	4.508	-	-	-	4.508	4.508																																			
Debt Service	19.502	8.232	-	27.734	-	-	-	27.734	27.734																																			
Subtotal	21.952	10.290	-	32.242	-	-	-	32.242	32.242																																			
Pensions - Direct Levy for MPRA, MFRA and MERF	15.846	34.317	-	50.163	-	-	-	50.163	50.163																																			
Total Property Tax Supported Commitments	461.084	21.731	-	482.815	66.727	75.911	49.816	290.361	482.815																																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%;"></td> <td style="width: 10%; text-align: right;">2014 Max</td> <td style="width: 10%; text-align: right;">269.421</td> <td colspan="4"></td> </tr> <tr> <td style="text-align: center;">Total Pension Costs</td> <td style="text-align: right;">2014 Expense</td> <td style="text-align: right;">2015 Expense</td> <td style="text-align: right;">% change</td> <td colspan="3" style="text-align: right;">(Additional cuts needed)/Cushion for adverse circumstances</td> </tr> <tr> <td></td> <td style="text-align: right;">52.331</td> <td style="text-align: right;">54.291</td> <td style="text-align: right;">3.7%</td> <td colspan="3"></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">2015 Max</td> <td style="text-align: right;">290.361</td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: right;">0.000</td> <td></td> </tr> </table>											2014 Max	269.421					Total Pension Costs	2014 Expense	2015 Expense	% change	(Additional cuts needed)/Cushion for adverse circumstances				52.331	54.291	3.7%								2015 Max	290.361							0.000	
	2014 Max	269.421																																										
Total Pension Costs	2014 Expense	2015 Expense	% change	(Additional cuts needed)/Cushion for adverse circumstances																																								
	52.331	54.291	3.7%																																									
				2015 Max	290.361																																							
					0.000																																							

Five-Year Summary of Property Tax Supported Budgets										
	2010 Expense	5-Year Projected Growth in Spending	5-Year Reduction in Spending	2015 Expense	Avg Annual % Incr over 5-yr period	2015 Direct Revenue	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>			2015 Total Revenues
							2015 General City Revenues (Non-Direct)	2015 Local Government Aid	2015 Property Tax Revenue	
General Fund										
<u>General Fund Commitments</u>										
Internal Service Funds Financial Plans	26.165	(17.378)	-	8.787	-66.4%	-	-	-	8.787	8.787
Graffiti Removal	0.050	-	-	0.050	0.0%	-	-	-	0.050	0.050
Target Center Financial Plan	0.092	0.458	-	0.550	497.8%	-	-	-	0.550	0.550
Transfers for City Hall rent	0.612	0.133	-	0.744	74.4%	-	-	-	0.744	0.744
Payment to County for Library System	6.721	(4.358)	-	2.363	-64.8%	-	-	2.363	-	2.363
Transfer to Capital Improvement Fund	5.000	(5.000)	-	-	-	-	-	-	-	-
Pension Debt Service Mgmt Plan	11.651	(7.523)	-	4.128	-64.6%	-	-	-	4.128	4.128
Total General Fund Commitments	50.290	(33.668)	-	16.622	-66.9%	-	-	2.363	14.259	16.622
<u>General Fund Activities</u>										
Police	123.869	21.994	(1.709)	144.154	16.4%	8.270	32.533	20.337	83.013	144.154
Fire	53.686	8.905	(0.641)	61.950	15.4%	5.145	13.600	8.502	34.703	61.950
Subtotal for Public Safety	177.555	30.900	(2.350)	206.104	16.1%	13.415	46.134	28.839	117.717	206.104
311	3.020	0.470	(0.039)	3.451	14.3%	-	0.826	0.517	2.108	3.451
911	7.485	1.271	(0.176)	8.581	14.6%	-	2.054	1.284	5.242	8.581
Assessor	3.986	0.738	(0.066)	4.658	16.9%	0.063	1.100	0.688	2.807	4.658
Attorney	7.662	1.380	(0.038)	9.004	17.5%	0.010	2.153	1.346	5.495	9.004
BIS	-	-	-	-	0.0%	-	-	-	-	-
City Clerk/Elections/City Council	7.496	0.831	-	8.327	11.1%	0.049	1.982	1.239	5.057	8.327
City Coordinator Administration	1.439	0.308	-	1.747	21.4%	-	0.418	0.261	1.067	1.747
Civil Rights	2.029	0.399	(0.062)	2.367	16.6%	-	0.567	0.354	1.446	2.367
Communications	2.424	0.410	(0.054)	2.780	14.7%	3.479	(0.167)	(0.105)	(0.427)	2.780
Community Planning & Economic Development (CPED)	3.445	0.622	(0.081)	3.985	15.7%	1.101	0.691	0.432	1.762	3.985
Contingency	2.575	13.001	-	15.576	504.9%	-	3.729	2.331	9.516	15.576
Finance	19.715	2.007	(0.204)	21.518	9.1%	0.021	5.147	3.217	13.133	21.518
Health and Family	3.320	0.641	(0.063)	3.897	17.4%	-	0.933	0.583	2.381	3.897
Human Resources	5.788	1.014	(0.137)	6.664	15.1%	-	1.596	0.997	4.071	6.664
Intergovernmental Relations	1.523	0.101	-	1.624	6.6%	-	0.389	0.243	0.992	1.624
Internal Audit	0.200	-	-	0.252	-	-	0.060	0.038	0.154	0.252
Mayor	1.467	0.245	(0.005)	1.707	16.4%	-	0.409	0.256	1.043	1.707
Neighborhood & Community Relations	1.236	(0.503)	-	0.733	-40.7%	-	0.176	0.110	0.448	0.733
Public Works	40.906	6.588	(0.429)	47.066	15.1%	12.363	8.309	5.194	21.200	47.066
Regulatory Services	27.999	5.821	(0.075)	33.745	20.5%	36.226	(0.594)	(0.371)	(1.516)	33.745
Subtotal for all other departments	143.715	35.345	(1.429)	177.684	23.6%	53.312	29.777	18.614	75.980	177.684
Total General Fund Activities	321.270	66.245	(3.779)	383.788	39.7%	66.727	75.911	47.453	193.697	383.788
Total General Fund	371.560	32.576	(3.779)	400.410	7.8%	66.727	75.911	49.816	207.956	400.410
<u>Other Property Tax-Supported Commitments</u>										
Capital - Permanent Improvement	1.666	2.842	-	4.508	170.6%	-	-	-	4.508	4.508
Debt Service	15.819	11.915	-	27.734	75.3%	-	-	-	27.734	27.734
Subtotal	17.485	14.757	-	32.242	245.9%	-	-	-	32.242	32.242
Pensions - Direct Levy for MPRA, MFRA and MERF	15.208	34.955	-	50.163	229.8%	-	-	-	50.163	50.163
Total Property Tax Supported Commitments	404.253	82.289	(3.779)	482.815	19.4%	66.727	75.911	49.816	290.361	482.815
							2015 Max	205.553		
							2015 Max	290.361		
							(Additional cuts needed)/Cushion for adverse circumstances	0.000		

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 Mgmt 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										
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%

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Convention Center Special Revenue Fund

Background

The Convention Center special revenue fund accounts for the maintenance and operation of the City-owned Convention Center and the related sales tax activities. The Convention Center was created to foster and generate economic growth and vitality by providing facilities and services for conventions, trade shows, exhibits, meetings; cultural, religious, and sporting events - all of which benefit and showcase the City, the metropolitan region, and the State of Minnesota. The fund also supports an operating transfer to Meet Minneapolis, formerly called the Greater Minneapolis Convention and Visitors Association (GMCVA). Meet Minneapolis is an independent, non-profit organization contracted by the City of Minneapolis to market Minneapolis and the Twin Cities as a convention and tourist destination.

Historical Financial Performance

The fiscal year-end 2008 fund balance for the Convention Center special revenue fund was \$48.3 million, an increase of \$2.4 million from 2007. Local sales taxes (outlined in the below table) support the Convention Center with approximately \$60.4 million collected in 2008. Due to economic conditions, including the Republican National Convention and consumer spending habits, the 2008 local tax revenue was \$2.6 million greater than budget and \$300,000 greater than 2007. Approximately \$9.6 million was transferred to the parking fund to cover costs for on Convention Center parking ramps, which was nearly the same as the 2007 transfer.

Comparative amounts collected:

<u>Local Sales Taxes (in millions)</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
0.5% Citywide Sales tax	\$27.9	\$29.5	\$29.5
3.0% Entertainment Tax	\$9.2	\$9.9	\$9.6
3.0% Downtown Restaurant Tax	\$10.0	\$10.3	\$10.8
3.0% Downtown Liquor Tax	\$3.6	\$3.8	\$3.9
3.0% Lodging Tax	\$6.0	\$6.6	\$6.6
Total Tax Collection	\$56.7	\$60.1	\$60.4

The City deposits all of its local tax proceeds (*i.e.*, sales tax, entertainment tax, food tax, liquor tax, and lodging tax) in the Convention Center special revenue fund. All the tax proceeds, with the exception of the entertainment tax, are Convention Center related and are used primarily to fund the debt related to the construction of the Convention Center and related facilities, as well as to fund the operating deficit.

The entertainment tax, established in 1969, is a revenue source for the general fund to offset additional police and fire department costs associated with City-wide entertainment activities. A portion of the tax (\$1.5 million in 2009) is being redirected to the arena reserve fund to fully credit the fund for entertainment tax proceeds generated from Target Center activities, as required by the Target Center arena finance plan. The entertainment tax is not deposited directly into the general fund because it is pledged revenue on the outstanding Convention Center bonds in the event other revenue sources pledged to meet Convention Center debt service are insufficient.

Funds are transferred annually to the Convention Center reserve fund for major repair or equipment replacement for the Convention Center facility. Due to the age of the building, it is anticipated that the amount of this transfer will increase in future years as specific needs are identified. However, the plan keeps the amount flat until an analysis is completed and needs are identified. In 2008, nearly \$1.2 million was transferred to the reserve fund.

Operating revenues are generated directly from the Convention Center operating activities. Exhibit space rental is the largest source of revenue for the Convention Center. Also included in operating revenues, are equipment and space rental of the Tallmadge Building. Charges for services are earned in support of space rent and consist primarily of utility and labor services and ramp parking. Commission sales of food and beverage account for most of the other miscellaneous operating revenue.

In 2008, total operating revenue was \$15.6 million, which was \$1.3 million higher than 2007 and \$36,000 lower than the 2008 budget

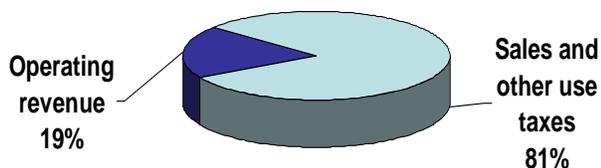
2010 Budget

Revenues

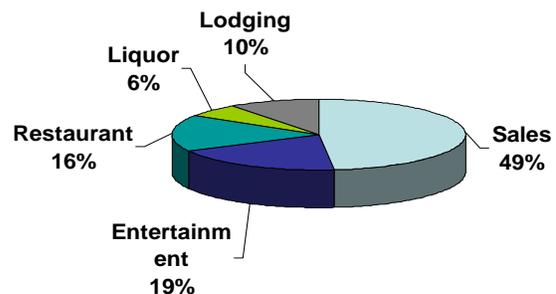
The 2010 projected revenues for the Convention Center have been adjusted to reflect the actual historical receipts. Total operating revenue in 2010 is expected to increase nearly \$1.8 million from \$13 million projected in 2009 to nearly \$14.8 million. The weak economy is taking a toll on the sale of ancillary services, public show attendance, food and beverage concession spending, and on bookings reducing 2009 earnings. There is some hope that the proposed concession stand remodel along with a new branded concession stand will boost 2010 catering revenue. In addition, there are some potentially profitable national events booked for 2010 that should boost ancillary revenue through large catering purchases and a higher meeting room rate which should help rental revenue.

Meet Minneapolis is locking in 2010 sales contracts earlier than in previous years, but there is concern about the amount of tentative space the Center is holding for public shows and large nationals. Another concern is the noticeable decline in the use of some exclusive services forcing the Convention Center to reevaluate its service offerings for relevancy and value. Moving forward it's critical to identify clients who use a full range of ancillary services, include food and beverage. Through efforts like *Meet in Minneapolis*, the Convention Center is hopeful that strategic marketing combined with a stronger economy will bring back corporate business in 2010.

Convention Center Revenues



Sales and Other Taxes



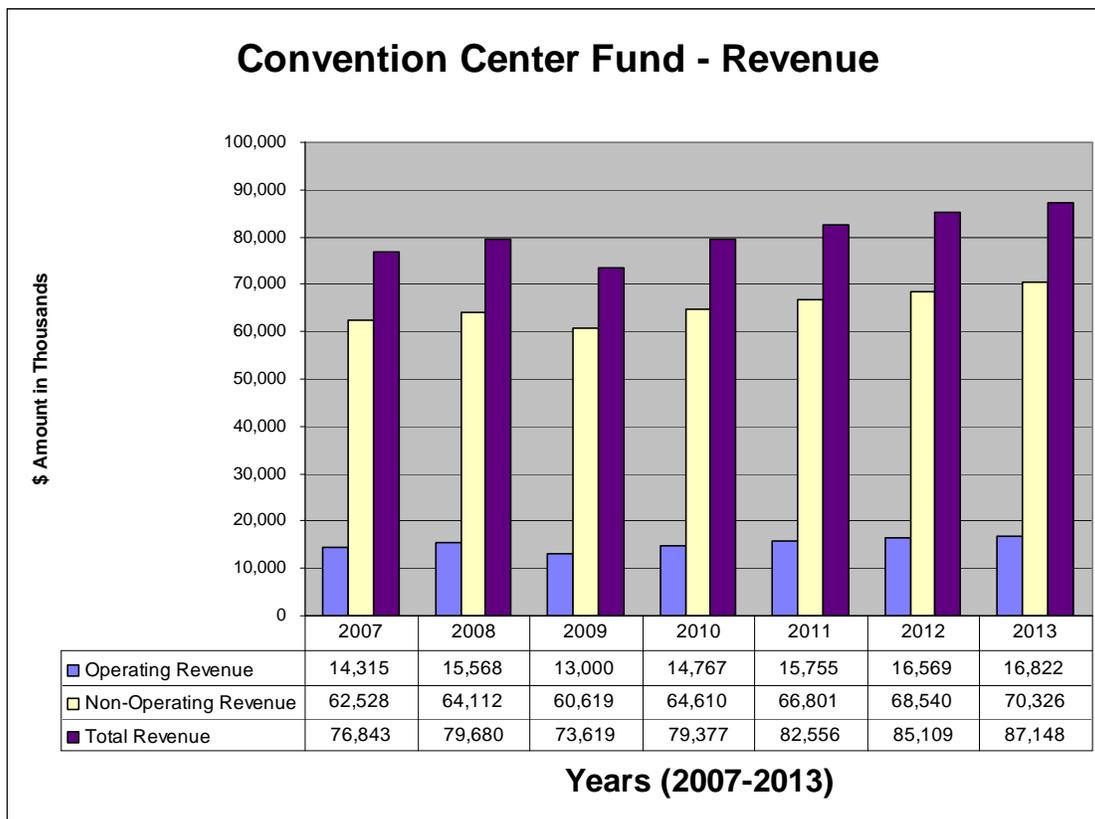
Convention Center - Predicted Revenue Growth	
Tax Type	Current Growth Assumption 2010-2013
0.5% Sales	2.5%
3.0% Entertainment Tax	3.0%
3.0% Other Tax	3.0%

Tax revenue is expected to increase 2.5% to 3% annually from 2010-2013. A \$1.5 million entertainment tax increase (offset by the increase to the General Fund) was factored into the budget beginning in 2010 with the opening of the new Twins Ballpark. Operating revenue is projected to increase by nearly \$1 million from 2010 to 2011, \$814,000 from 2011 to 2012 and \$253,000 from 2012 to 2013. The 2010 operating expense and revenue projections are \$38.1 million and \$14.8 million respectively, resulting in a \$23.3 million operating shortfall.

Expenditures

In 2010, the Convention Center operations expenditure budget including Ongoing Equipment/Improvement is anticipated to increase \$54,000 from the 2009 budget. The Convention Center was able to minimize its expenditure growth from 2009 to 2010 through a number of cost containment measures.

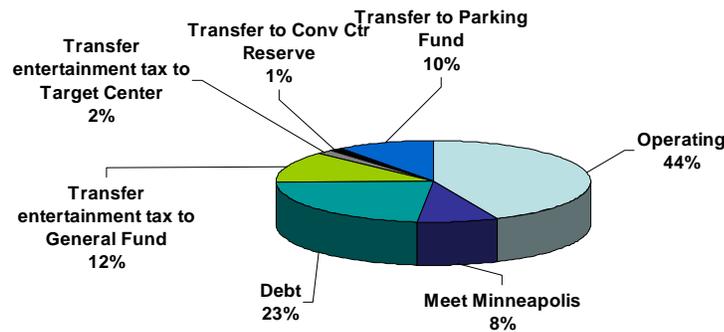
- Reduction of energy consumption
- Identifying and implementing more efficient operations
- Improving risk management (right sizing event staffing)
- Realignment of the Convention Center workforce
- Managing overtime and instituting a hiring freeze



In 2004, Meet Minneapolis, the primary sales and booking agent of the Convention Center, entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). In 2005, Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. In April of 2006, the City entered into a 3rd loan agreement of \$5 million for additional iDSS start-up capital. The three loans were consolidated for a total of \$10 million.

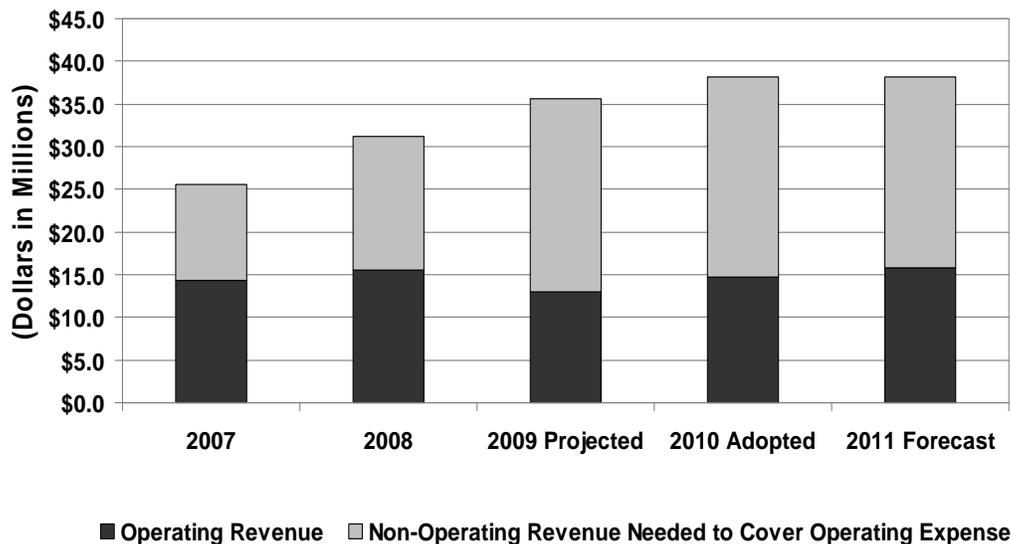
The \$10 million consolidated loan has a 10-year amortization of principal (2008-2017) to be repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriation from City funding, and profits from the iDSS. The City began collecting loan interest each quarter in 2008, in addition to a \$500,000 payment of loan principal. Loan interest and principal payment coincide with their Sales and Marketing payments from the City. In 2010, nearly \$7.3 million is budgeted for City support of Meet Minneapolis.

**Use of Funds
(\$86 million)**

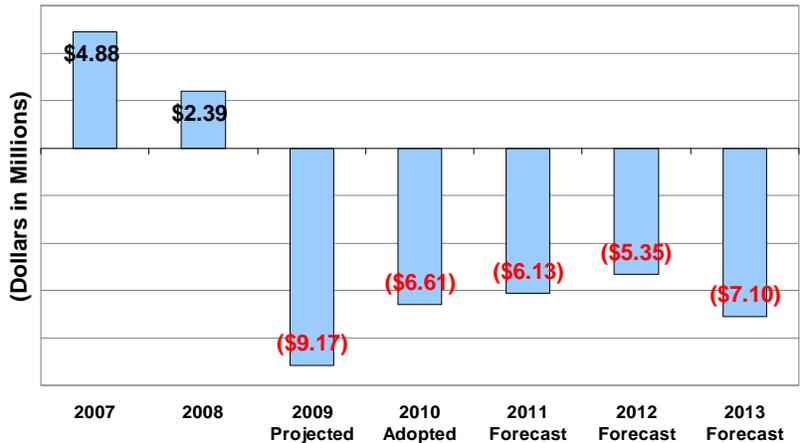


The projected reduction in the ending fund balance from 2009 to 2010 is due primarily to higher budgeted overall operating expenses and transfers.

Operating Revenue and Expense



Net Income(Loss)
(in millions)



Cash Position Changes

The Convention Center special revenue fund’s 2008 projected cash balance, exclusive of loans to other funds, is expected to fluctuate relative to fund equity. Most operating revenues and expense transactions are cash transactions. The Convention Center has a policy of requiring exhibitors to pay in advance for space rent and services, which contributes to a healthy cash position. The 2008 year ending client advances, sometimes received over two years in advance of the event, were \$1.5 million and outstanding client receivables were \$562,000.

Transfers

Total transfers to other funds in 2010, excluding Meet Minneapolis, are budgeted at \$42 million, including a transfer to the Parking Fund. The transfer to the Parking Fund totals \$8.9 million which funds current year debt service obligations related parking ramps and facilities and the parking fund long-term financial plan.

Debt Service

The 2010 budget includes full funding to meet the annual debt service payments. Outstanding debt for the Convention Center was approximately \$214 million in total at the 2008 year-end. Debt service for the Convention Center totals \$20.2 million in 2010. Part of the debt is in variable rate mode, and it is likely that total debt service payments will be less than budgeted due to the difference between interest on variable rate and the budget assumption of 5%.

Original Budget

The Mayor recommended a reduction of \$1.5 million in this department’s operating budget. The Mayor further recommended an increase in the transfer from this fund to the parking fund of \$2 million to fund improvements to Convention-related parking ramps. This transfer was adjusted to accommodate debt service on these ramps from prior-year capital projects (\$1.4 million).

The Council approved the Mayor’s recommendations and further approved a transfer of \$250,000 from the Convention Center sales tax to the General Fund for MPD services.

The budget for this fund includes a reduction of BIS charges of \$42,100 due to the Council’s actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund’s appropriation by the same amount. Additionally, the budget for this fund includes a \$9,766 increase to General Fund Overhead charges due to the Council’s actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommended no changes.

Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)

Convention Center Special Revenue Fund

	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
<i>Operating Revenues:</i>									
Charges For Services	5,251	6,062	5,475	4,700	5,585	2.0%	5,582	5,666	5,723
Rents	6,509	6,705	6,435	5,800	6,432	0.0%	6,972	7,396	7,529
Other Miscellaneous Operating	2,555	2,801	3,000	2,500	2,750	-8.3%	3,201	3,507	3,570
Sub-Total	14,315	15,568	14,910	13,000	14,767	-1.0%	15,755	16,569	16,822
<i>Non-Operating Revenues:</i>									
Sales Tax	29,535	29,502	29,500	29,400	30,238	2.5%	30,994	31,769	32,563
Entertainment Tax	9,880	9,631	9,954	9,600	11,753	18.1%	12,106	12,469	12,843
Restaurant Tax	10,319	10,789	10,000	9,800	10,300	3.0%	10,609	10,927	11,255
Liquor Tax	3,757	3,939	3,850	3,850	3,966	3.0%	4,085	4,208	4,334
Lodging Tax	6,574	6,619	6,000	5,900	6,180	3.0%	6,365	6,556	6,753
Meet Mpls Donations	392	510	-	-	-	0.0%	-	-	-
Meet Minneapolis (iDSS) Loan Interest	-	1,278	429	435	403	-6.1%	360	314	265
Interest	1,544	836	1,300	620	750	-42.3%	761	776	792
Other Misc Operating	27	8	25	14	20	-20.0%	21	21	21
Transfer From Facility Reserve	500	1,000	1,000	1,000	1,000	0.0%	1,500	1,500	1,500
Sub-Total	62,528	64,112	62,058	60,619	64,610	4.1%	66,801	68,540	70,326
Total	76,843	79,680	76,968	73,619	79,377	3.1%	82,556	85,109	87,148
Use of Funds:									
Convention Center Operations	24,560	25,938	29,936	27,554	29,132	-2.7%	31,372	32,941	34,587
Ongoing Equipment/Improvement	1,008	5,316	8,129	8,129	7,292	-10.3%	6,840	6,461	7,900
Human Resources	66	-	-	-	-	0.0%	-	-	-
Meet Minneapolis	7,873	8,046	7,590	7,590	7,300	-3.8%	7,446	7,670	7,719
Transfer To Gen Fund - Ent. Tax	8,762	8,366	8,454	8,100	10,253	21.3%	10,606	10,969	11,343
Transfer To Gen Fund - Sales Tax	-	-	-	-	250	0.0%	250	250	250
Transfer To Target Ctr Reserve	1,118	1,265	1,500	1,500	1,500	0.0%	1,500	1,500	1,500
Transfer To Conv Ctr Reserve	1,150	1,150	1,150	1,150	1,150	0.0%	1,150	1,150	1,150
Transfer To Debt Service	17,539	16,560	18,728	18,728	20,150	7.6%	21,302	22,519	25,180
Transfer to Other Debt Serv Fund	36	68	75	75	73	-2.7%	80	80	80
Transfer To Parking Fund	9,856	9,832	9,858	9,965	8,886	-9.9%	8,140	6,916	4,541
Transfer To City Capital	-	750	-	-	-	0.0%	-	-	-
Total	71,968	77,291	85,420	82,791	85,986	0.7%	88,686	90,456	94,250
Net Income	4,875	2,389	(8,452)	(9,172)	(6,609)	-21.8%	(6,130)	(5,346)	(7,102)
Fund Balance/Retained Earnings:									
Beginning Balance	41,222	45,918	48,307	39,855	30,683	-36.5%	24,074	17,944	12,598
Ending Balance	45,918	48,307	39,855	30,683	24,074	-39.6%	17,944	12,598	5,496

Notes: Beginning in 2005, the transfer to BIS is reflected in the Convention Center's Operating Budget based on the BIS Rate Model. In 2004, Meet Minneapolis entered into a \$2.5 million loan agreement with the City for its joint venture Internet Destination Sales System (iDSS). In 2005, Meet Minneapolis requested that the Council advance an additional \$2.5 million for the project. In August 2005, the loans were rolled together and a promissory note was issued for \$5 million. In April of 2006, the City entered into a 3rd loan agreement for \$5 million for additional iDSS start up capital. The three loans were consolidated for a total of \$10 million. The \$10 million consolidated loan will have a 10 year amortization of principle (2008-2017) repaid in full in 2017 at a 5% interest rate. The note repayment for the loan is pledged against assets, future appropriation from the City funding, and profit from the iDSS.

Meet Minneapolis budget for 2010-2013 may increase by \$500,000 to support a Convention Fund aimed at attracting more national business. Convention Center Executive Director to present to Mayor in July 2009. Meet Minneapolis will be incorporated into the Convention Center in 2010.

**City of Minneapolis
FY 2010
Financial Plan**

Community and Economic Development Funds

Background

Community and Economic Development Funds support the City's development efforts and are primarily managed by the Community Planning and Economic Development (CPED) department with the assistance of the Development Finance Division of the Finance Department. These resources have faced several challenges in past years, including lower than expected tax increment revenues in the Common Project (the subset of the City's tax increment districts that support the Neighborhood Revitalization Program [NRP]), reductions in federal grant allocations, and limited flexible resources.

The reduction in Common Project revenues previously led the City Council to adopt a policy in August 2003 regarding how these funds were to be prioritized between City-wide discretionary development and the NRP. This policy was intended to be in place only through 2009 but not beyond, 2009 being the final year of the City's statutory obligation to provide funding for the NRP. The year 2010 will be the first year to reflect the full reduction in tax increment revenues resulting from the decertification of the City's pre-1979 tax increment districts and the first year in which CPED no longer has authority to borrow from the City's Legacy Fund, which is represented in the financial projections. (Please see the *Financial Policies* section of the budget book for the policy detail.)

Financing Assistance for Target Center and Neighborhoods

Background

Established in 1990, the twenty-year Neighborhood Revitalization Program and its funding are set to sunset in 2009. The City and neighborhood groups have been pondering this major turning point for almost 10 years. In addition, the City's purchase in 1995 of the Target Center increased long-term demand for resources.

During the 2008 Legislative Session, the Minnesota Legislature authorized the City to establish a non-contiguous redevelopment tax increment financing (TIF) district which would be comprised of properties that were located in specific TIF districts, commonly known as "pre-1979" TIF districts, which terminated in 2009. The earliest year the tax increment revenue can be realized from the new district allowed under the special legislation is 2011. Without further action by the City, the value within those pre-1979 TIF would initially go back into the general tax base in 2010 and thereafter remain, increasing the overall size of the tax base, effectively resulting in property tax relief for many property owners.

Under the special legislation, tax increment from the new district could only be used to pay principal and interest on Target Center bonds or for "neighborhood revitalization purposes." The legislation does not specify or require any particular allocation of revenues between these purposes.

The legislation also explicitly stated that the certification of the district will not impact the City's "property wealth" factors in the Local Government Aid program. This loss in these amounts will

occur whether or not the City uses the special legislation to create a new district; however, the legislation requires the additional tax capacity to be included in the calculation of LGA, even if the value is re-certified in a new district. This requirement results in a \$9 million drop in the City's LGA in 2011, with most of that impact in the general fund (\$8 million).

Overall Recommended Funding from the District

A Council direction given at the end of 2008 had called for Finance Department staff to present a TIF plan for consideration by July 31, 2009, certifying expiring pre-1979 districts so that \$24 million dollars of net tax increment would be generated and available to the City in 2011, the earliest year allowed under the special legislation. That Council direction allocated the projected net tax increment revenues as follows:

Target Center principal and interest	\$10.0 million
Target Center expedited debt payments	\$ 2.0 million
General Neighborhood Revitalization Purposes (neighborhood operations, department of Neighborhood and Community Relations)	\$ 8.5 million
Community Revitalization	\$ 3.5 million
<hr/> Total	<hr/> \$24.0 million

This direction would have led to the certification of 100% of the tax capacity of the proposed district. If none of the parcels in the district were recertified, residential taxpayers could possibly expect to see an estimated reduction in their tax bills from \$61 up to an estimated \$307 annually. Pursuant to this direction, 100% of the tax capacity of the district would be certified for up to ten years (through 2020) or until the Target Debt is fully paid, at which time parcels representing 50% of the tax capacity of the district must be decertified.

As directed, Finance Department staff transmitted and delivered the plan to Council known as the Consolidated Tax Increment Financing Plan in time for its consideration on July 31, 2009. On July 31, 2009, the Council did not act to adopt the plan and authorize the establishment of the Consolidated Tax Increment Financing District (the "District"), but rather referred the item back to the Ways and Means/Budget Committee for further review and discussion.

Council Adopted Plan

On December 4, 2009 the City Council directed the Finance Staff to amend the Consolidated Tax Increment Financing Plan for the District to: (1) reduce the size of the proposed District to approximately 50%, (2) adjust the tax increment budget contained in the plan accordingly, (3) change the tax increment allocation methodology or funding distribution and (4) reduce the maximum amount of bonds to be issued shown in the plan and (5) and return to the Committee of Whole on December 17, 2009 with the amended plan and related documents for its consideration. The City Council approved the Consolidated TIF plan, as amended, on December 18, 2009.

The District, as adopted, is comprised of five of the former pre-1979 TIF districts. It represents 50.8% of the total net tax capacity of all of the former pre-1979 TIF districts and contains 51 percent of the parcels. The District represents the most diverse and stable subset of pre-1979 TIF districts that achieves the 50% target.

The tax increment that will be received each year from the District shall first be used to 1) make the necessary reimbursement payments to Hennepin County required under the Special

Legislation, and 2) pay for the City and County costs of administering the District. The remaining “Net Tax Increment” to be allocated:

- 50% for Target Center debt service and
- 50% for neighborhood revitalization purposes

Financial recommendation for Target Center principal and interest and neighborhood operations and programming

The 10-year Consolidated TIF budget projects Net Tax Increment of \$53,650,000 being available for both Target Center Debt and Neighborhood Revitalization purposes, for a total of approx \$107.3 million for both activities over the 10-year life of the District.

The current Target Center finance plan (absent the 2008 special State legislation allowing for the formation of the Consolidated Tax Increment Financing District) is not structurally balanced. While the current debt is being refunded as of year-end 2009 to reflect a reduced interest rate due to the current market conditions, the financial plan does not take into account two cost pressures: an operating subsidy for the operator (up to \$1.6 million annually) and capital refurbishment of the arena. The revenue to come from the Consolidated TIF district, along with the interest savings from the refunding of the debt provides the opportunity to redirect resources to the unfunded capital and operating needs. The Finance Department will prepare an updated finance plan for the Target Center arena based upon these actions.

The current plan relies on the following revenue sources:

- *Property tax* generated at the arena - \$100,000 annually through 2012, \$550,000 when the arena TIF district decertifies in 2013 and beyond.
- *Tax Increment* from the Arena - \$1 million annually through 2012. This resource may only be used for debt service, certain administrative costs, and capital costs.
- *Entertainment tax* generated at the arena - \$1.1 million annually.
- *Event parking* - \$2.6 million annually in 2010, escalating to \$5.6 million by 2024.
- *Tax Increment* from the Common Project – approximately \$1.9 million annually through 2013 and \$1.6 million annually through 2024. This resource may only be used for debt service, certain administrative costs, and capital costs.

Of these resources only entertainment tax, parking revenues and property tax can be used to fund the operating subsidy. But for dedication in the plan, any of these three resources could be used to reduce financial pressures in the general fund or the parking fund. The \$750,000 annual payment from the Minnesota Amateur Sports Commission was repealed in 2009, increasing the pressure on the current plan.

2010 Budget

The Mayor recommended shifting a total of \$1.5 million of Community Development Block Grant (CDBG) funds collectively from the programs comprising the Affordable Housing Trust Fund (AHTF) into the programs which make up the City’s Great Streets Program, bringing the total AHTF capitalization below the current \$10 million needed per mandate by City Council. Any increase in CDBG federal funding realized in excess of 5% could be used to backfill the amounts shifted away from the AHTF.

Council adopted the Mayor’s recommendations. Further, Council directed any increase in CDBG the City realizes over and above 5% will now be split 85/15 between Affordable Housing

Trust Fund and funding Crime Prevention Specialists in the Minneapolis Police Department, respectively. Further, Council directed funding in the Community Development fund Legacy fund program income to be decreased by \$31,000, and funding for the St. Anthony Heritage Board to be increased by \$31,000. Additionally, funding in the Community Development fund Legacy fund program income is decreased by \$50,000 and funding to the Riverfront Development Corporation is increased by \$50,000. CPED is directed to reduce CDBG funding for Youth Employment by \$110,000 and the Mortgage Foreclosure Prevention Program by \$140,000.

Furthermore, CPED is directed to eliminate the existing vacant Community Planner position in the planning division and use general fund and CDBG resources to keep the Arts Coordinator position. This position and associated resources should be transferred to the City Coordinator in 2011.

Revenues

These revenue projections are based on assumptions that need to be validated annually:

- Revenues from federal grant programs will remain somewhat constant.
- Revenues from state and local grants vary in relation to project need and availability but are also expected to remain somewhat constant, reflecting CPED's success with grant seeking.
- There will be continuing modest increases in bond-related fee income from housing and economic development activities, but actual revenues need to be closely monitored for the impacts of changes in the lending and housing markets.
- There will be annual variations in project income. These are shown as declining at a 5 percent rate from 2009.
- The 2010-2014 projections do not include the use of any revenues from the Legacy Fund. One-time revenues available to CPED as part of the lease revenue from the Brookfield project on the Nicollet Mall expected to be received in December 2009 are allocated as one-time revenues in 2010 and are included in the Development Account.
- Legislative action in 2008 allowed the creation of a redevelopment tax increment district created from the parcels and frozen tax base by recertifying properties located in the pre-1979 TIF districts. Revenue from this district is permitted to be applied to existing Target Center debt and neighborhood revitalization activities. Table 1 does not include any assumptions regarding this district.
- There will be no further legislative actions or valuation events that have a significant negative impact on tax increment or General Fund collections.
- There is only inflationary growth in Planning's fee revenue.
- Assuming the successful conclusion of the Brookfield transaction in 2009, all draws made by CPED from the Legacy Fund will have been repaid. The availability of any Legacy Fund revenue from 2010 through 2014 is not assumed in these projections.

Expenditures

The expenditure projections contain assumptions that also need to be revisited annually in the context of revised revenues and department performance measures:

- CPED staff levels remain constant or reduced slightly with personnel costs increasing 2 percent per annum while non-personnel expenditures increase approximately 1 percent per annum.
- The tax increment revenues of the Common Project will continue to be restricted to existing debt and contractual obligations while such obligations exist.

CPED revenues will peak in 2009, a result of the approximately \$29.4 million Brookfield lease repayment. Subsequent years show a significant revenue decline, which mirrors the loss of Common Project revenue associated with the decertification of the pre-1979 tax increment districts and the end of the Legacy Fund annual loan to City discretionary development funding.

The five-year projection Table 1 makes no assumptions of a source for discretionary development investment past 2010, although the availability of new tax capacity created by the decertification of the pre-1979 districts could allow, as one policy option, the re-use of Chapter 595 levy authority with little or no increase of residential property taxes.

Debt Service

Debt service on the post-1979 Common Project tax increment districts continues past 2012 and is projected to be serviced by the tax increment revenue from those districts.

General Fund Resources

Projected general fund revenues and expenditures are consistent with the Five-Year Financial Direction.

Neighborhood Revitalization Program

The continuing reduction of Common Project revenues that started in 2001 has reduced (from \$20 million per annum in Phase I) the level of funding available to capitalize the NRP. Table 1, Line 33 displays the May 2009 projection. This amount also assumes a Brookfield repayment in 2009 under current contract terms. Under current law and City policy no additional capitalization of the program after 2009 is required. Expenditure of NRP fund balances and NRP program income would continue post-2009 under approved Neighborhood plans.

Table 1

Projected CPED Revenues & Expenditures 2010 - 2014

	2009 Revised Budget	2010 Budget	2011 Forecast	2012 Forecast	2013 Forecast	2014 Forecast
Local Funds						
General Fund Total	3,873,000	3,642,000	3,731,000	3,891,000	4,521,000	4,698,000
GF Property Tax & Non-Direct Revenue	1,775,000	2,021,000	2,158,000	2,307,000	2,849,000	3,008,000
General Fund LGA	508,000	520,000	472,000	483,000	571,000	589,000
General Fund Direct Revenues	1,589,000	1,101,000	1,101,000	1,101,000	1,101,000	1,101,000
Tax/Increment/Abatement	72,462,731	47,996,939	48,207,014	48,627,302	33,797,122	33,797,122
Capital Bonding (CIP)	317,000	333,000	347,000	366,000	383,000	383,000
Dev Acct (Non-TI)*	28,302,997	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Interest Earnings all Funds	4,852,744	4,610,107	4,379,601	4,160,621	3,952,590	3,754,961
Housing Program Fees & Revenues	1,342,317	1,396,009	1,451,850	1,509,924	1,570,321	1,633,133
Economic Dev Program Fees & Revenues	4,585,000	4,814,250	5,054,963	5,307,711	5,573,096	5,851,751
Legacy Fund	3,500,000	-	-	-	-	-
Other Project & Program Income	10,470,709	9,947,174	9,449,815	8,977,324	8,528,458	8,102,035
Transfers & Reserves	46,692,590	6,000,000	6,000,000	4,000,000	4,000,000	4,000,000
Federal Funds						
CDBG**	10,362,000	10,383,000	10,383,000	10,383,000	10,383,000	10,383,000
ESG	591,861	577,000	577,000	577,000	577,000	577,000
HOME	3,802,361	3,787,000	3,787,000	3,787,000	3,787,000	3,787,000
Other State/Local Grants	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Total Projected Revenues	195,654,310	99,586,479	99,468,243	97,686,882	83,172,587	83,067,002
Appropriated						
Business Lines:						
Economic Policy & Development	12,195,890	15,222,373	15,450,709	15,682,469	15,917,706	16,156,472
Housing & Policy Development	18,149,566	20,260,516	20,564,424	20,872,890	21,185,983	21,503,773
Community Planning	1,616,173	1,715,700	1,741,436	1,767,557	1,794,070	1,820,981
Development Services	2,256,567	2,324,025	2,358,885	2,394,269	2,430,183	2,466,635
Workforce Development	8,307,778	10,653,866	10,813,674	10,975,879	11,140,517	11,307,625
CPED Support:						
Executive & Support Services	8,143,395	5,740,451	5,826,558	5,913,956	6,002,665	6,092,705
Transfer & Debt Service	74,582,382	41,673,236	34,725,917	35,618,682	32,561,552	32,561,552
Total Appropriated	125,251,751	97,590,167	91,481,602	93,225,702	91,032,678	91,909,744
To be appropriated						
Potential NRP Capitalization	20,000,000	-	-	-	-	-
Brookfield repayment to Legacy	10,979,286	-	-	-	-	-
Total Projected Uses	156,231,037	97,590,167	91,481,602	93,225,702	91,032,678	91,909,744
Difference	39,423,273	1,996,312	7,986,641	4,461,180	(7,860,090)	(8,842,742)

** entitlement, program income and federal workforce grants

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Municipal Parking Fund

Background

The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking, and a municipal impound lot. Major parking related capital construction and development activities also occur in this fund.

Historical Financial Performance

The financial condition of the Parking Fund has historically been stable, but continues to present a future financial challenge to the City due to cash flows. While the fund continues to generate positive retained earnings, it is insufficient to pay debt service, make general fund transfers, and restore its productive assets (ramps).

Nearly all of the capital costs of ramps have been financed by debt. Revenues for the fund are generated from these three lines of activities:

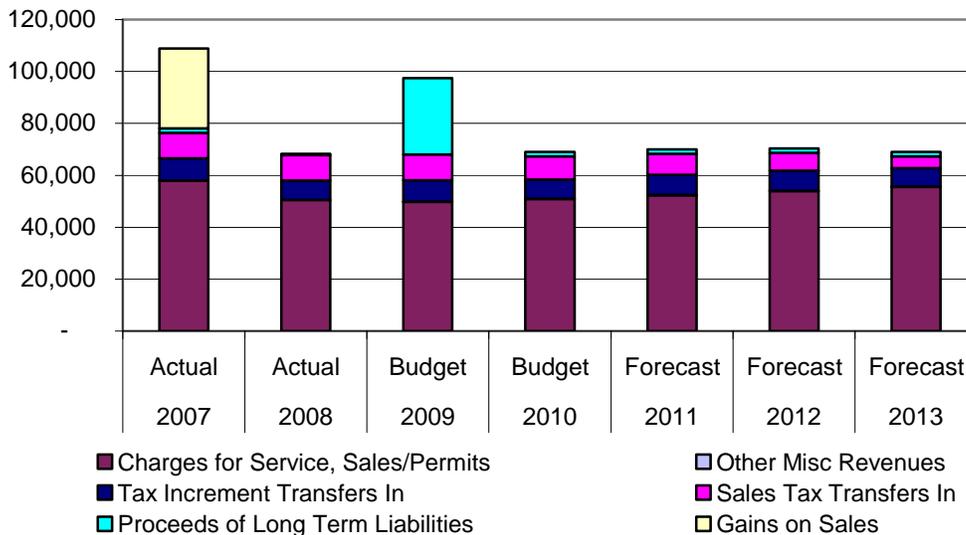
- Off-street parking
- On-street parking
- The impound-lot

The fund receives transfers (\$10.0 million in year 2009) from the Minneapolis Convention Center to pay its share of debt service on the Convention Center-related parking facilities. The fund also receives transfers (\$8.2 million in 2009) from tax increment and abatement revenue to pay part of major development projects in downtown area.

The Parking Fund and its operations reflect a long-term financial plan that was adopted by the council in 2004. The plan addresses strategies for managing and responding to growing financial concerns regarding the municipal parking system, with annual updates on the performance of the plan. The budget takes into consideration many of the initiatives from the workout plan to improve the fund's cash position. One initiative in the workout plan was to explore the possibility of selling parking ramps. In July 2007 the City Council approved the sale of eight of them, six were sold in 2007, one in 2008 with an additional sale possible in 2008.

Operating revenues for 2008 is \$53.3 million compared to \$65.8 million in 2007. The workout plan does indicate increases in revenues can be attributed to initiatives such as automation and centralization of parking ramp fee collections, enhanced parking ramp marketing, updated parking meter technology, and the sale of unclaimed property left in abandoned vehicles.

**Parking Fund Revenues
(in thousands of dollars)**



In 2008, operating expenses (without debt service, transfers or capital) decreased by \$3.0 million, or .7%, to \$36.3 million, from \$39.3 million in 2007. The Parking Fund cash balance for year 2008 was \$24.0 million. The parking system is creating a positive cash flow from the sale of seven ramps, but with transfers, interest payments on debt service and debt service payments, the City-owned facilities may have a negative in future years. Based on current and proposed budgets, operating cash balances are going to continue to decrease, especially cash related to the City system.

2010 Budget

Revenues

The operating revenue budget for 2010 was increased 2.1% to \$52.7 million compared to \$51.6 million for 2009. The increase is due to Target Field (the Twins Ballpark) opening and new parking meter technology that will be on line.

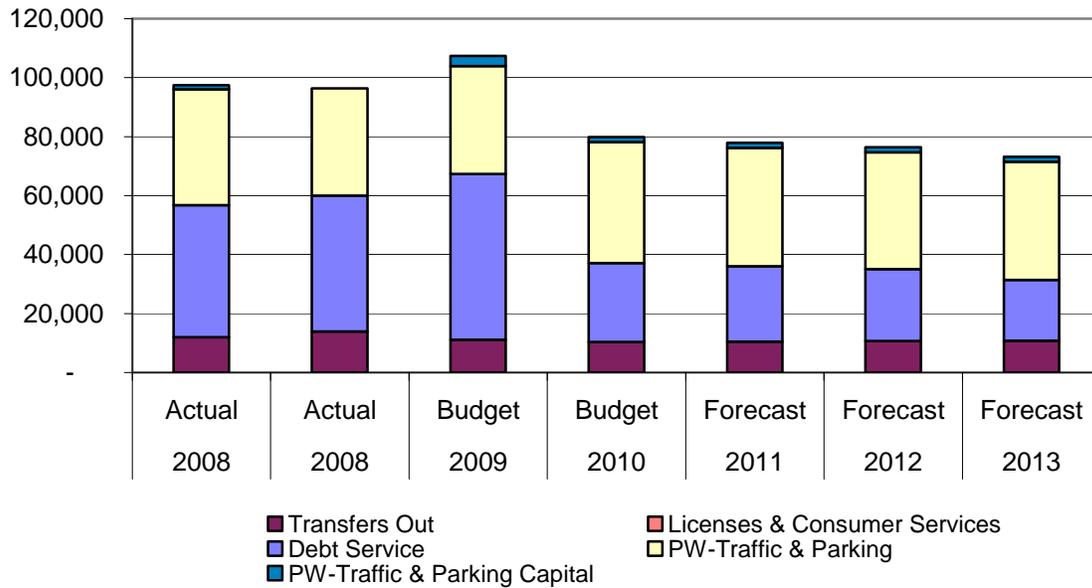
Revenue Assumptions (2010)	
Utilization Percentage in 2009	74%
Number of Parking Stalls in the system	20,569 as of 6/30/2009
Forecasted Revenue increase	2010 7.2% 2011 3.0% 2012 3.0%
Assumed rate increases (if any)	2%
System-wide average event rate	\$9.60
System-wide average daily rate	\$6.26
System wide average monthly rate	\$126.43
Number of new stalls in the system	2009 0 2010 0 2011 0

For assumptions regarding sales tax revenue, please see the Convention Center Finance Plan.

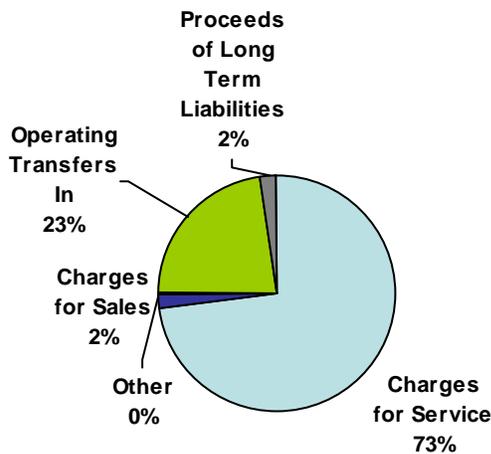
Expenditures

The operating budget for 2010 stands at \$41.0 million compared to \$36.6 million for 2009. There is a increase of \$4.4 million in 2010 over 2009. The 2010 increase is due to \$2.0 million added to the budget for automation of the Orchestra and Plaza ramps and additional operating expenses due to the Twins Ballpark. The capital budget for 2010 has been set \$1.7 million and the 2009 level is \$3.4 million. The capital budget was maintained at the \$1.7 million level due to on-going repair and improvement work in the City-owned parking facilities but the 2008 capital budget was moved to 2009 due to delays in the projects..

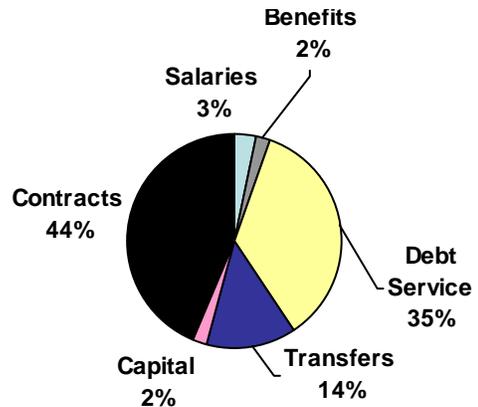
Parking Fund Expenditures
(in thousands of dollars)



Source of Funds
(\$70.8 million)



Use of Funds by Type
(\$73.5 million)



Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is \$20.5 for 2010. A portion of debt service payments are reimbursed from tax increment and sales tax revenues, which are transfers to the Parking Fund from the Convention Center and Tax Increment Funds totaling \$16.6 million for 2010.

Transfers

The transfer to the general fund declined by \$1.0 million for 2010. There is also a transfer to the Target Center Arena. The transfer to the Target Center Arena Fund remained constant in 2010 and 2009 at \$2.2 million. This transfer comes out of net assets generated by City parking revenues. Revenues from State-owned garages continue to be transferred to the State on a daily basis. A transfer of \$146,000 a year to the Solid Waste and Recycling fund is also done for bus shelter litter containers.

Transfers to the parking fund include revenues from sales tax along with revenues from tax increment and abatement. Tax increment and abatement revenues are transferred from CPED and the sales tax revenue is transferred from Convention Center. These transfer revenues are used for debt service payments. The transfer from sales tax funds is reduced to \$8.9 million for 2010 in comparison to \$9.8 for 2009. The transfers from tax increment and abatement are budgeted to decrease \$.5 million, from \$8.2 million in 2009 to \$7.7 million in 2010.

Mayor's Recommended Budget

Traffic & Parking is required to allocate, within existing resources, the City's portion of the assessment for a downtown improvement district which is \$388,000 for 2010. This amount represents the assessment for City parking facilities in the zone. The Mayor also recommended reducing revenue estimates to reflect national economic conditions. The Council approved the Mayor's recommendations.

The budget for this fund includes a reduction of BIS charges of \$16,500 due to the Council's actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$9,235 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

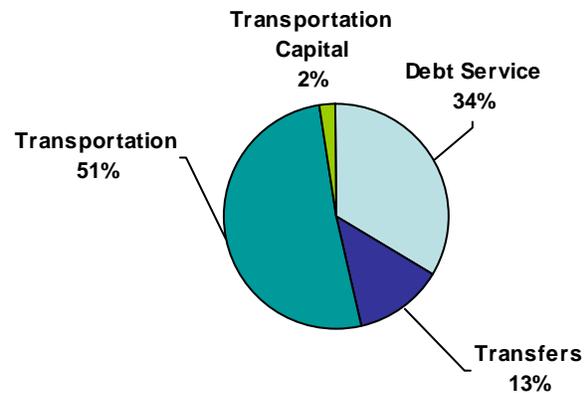
Mayor's Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor's recommendations.

**Use of Funds by Department
(\$73.5 million)**



City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)

Municipal Parking Fund - 7500

	2007 Actual	2008 Actual	2009 Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Licenses and Permits	241	252	218	240	218		220	222	225
State Government			-	-	-		-	-	-
Charges for Service, Sales/Permits	58,009	50,500	49,721	50,218	50,826	2.2%	52,351	53,921	55,539
Charges for Sales	7,473	1,805	1,551	1,613	1,551		1,567	1,582	1,598
Special Assessments	34	114							
Interest	18	42							
Gains	30,711	552							
Rents (Transportation)	20	9	3	3	3		3	3	3
Other Misc Revenues	8	31	138	124	138		139	141	142
Tax Increment Transfers In	8,505	7,387	8,214	8,214	7,433	-9.5%	7,657	7,677	7,038
Sales Tax Transfers In	9,856	9,832	9,969	9,969	8,886	-10.9%	8,140	6,916	4,541
Other Transfers In									
<i>Total Transfers In</i>	<i>18,361</i>	<i>17,219</i>	<i>18,183</i>	<i>18,183</i>	<i>16,319</i>	<i>-10.3%</i>	<i>15,797</i>	<i>14,593</i>	<i>11,579</i>
Proceeds of Long Term Liabilities	1,700		29,450	29,450	1,700		1,700	1,700	1,700
Total	116,575	70,524	99,264	99,832	70,755	-28.7%	71,777	72,163	70,786
Use of Funds:									
Debt Service	44,806	46,073	56,256	56,256	20,542	-63.5%	23,803	22,740	20,370
General Fund Transfer Out	1,618	8,618	8,618	8,618	7,818	-9.3%	7,818	7,818	7,818
Target Arena Transfer Out	2,078	2,773	2,241	2,241	2,241		2,408	2,581	2,758
Debt Service Transfer Out	48	2,241							
Internal Service Funds Tranfers Out	8,000								
MERF Liability Transfer Out	73	104	104	104	111	6.7%	111	111	111
Sanitation Transfer Out	146	146	146	146	146		146	146	146
Park Board Transfer Out									
<i>Total Transfers Out</i>	<i>11,963</i>	<i>13,882</i>	<i>11,109</i>	<i>11,109</i>	<i>10,316</i>	<i>-2.6%</i>	<i>10,483</i>	<i>10,656</i>	<i>10,833</i>
PW-Traffic & Parking	39,304	36,377	36,572	35,841	40,971	12.0%	40,089	39,567	40,013
Finance Department									
Licenses & Consumer Services									
PW-Traffic & Parking Capital	1,330		3,400	3,400	1,700	-50.0%	1,740	1,740	1,740
Total	97,403	96,332	107,337	106,606	73,529	-31.5%	76,116	74,702	72,956
Change in Net Assets	38,781	4,999	31,505	31,926	8,719	-72.3%	6,719	8,198	5,322
Net Assets	126,193	131,192	162,697	163,118	171,837	5.6%	178,556	186,755	192,077
Cash Balances	42,661	24,053	15,980	17,279	14,505	-9.2%	10,167	7,627	5,457

**City of Minneapolis
FY 2010
Financial Plan
Solid Waste and Recycling Fund**

Background

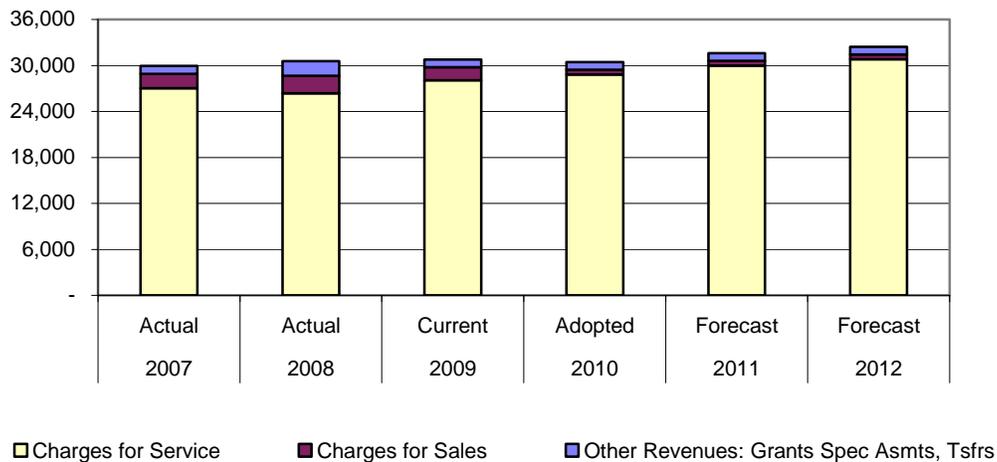
The Solid Waste and Recycling Fund account for solid waste collection, graffiti removal, disposal, and recycling activities of the City. The Solid Waste Division of Public Works provides weekly and bi-weekly trash, yard-waste, and recycling pickups. It also operates a solid waste transfer station providing service to over 100,000 households. City crews provide approximately one-half of the solid waste collection service and the other half of the service is provided through a contract with a consortium of companies specializing in waste collection.

Funding for Solid Waste and Recycling activities are primarily generated from solid waste fees. The Fund also receives grants from Hennepin County. Revenue is also generated through recyclable sales, miscellaneous services, and organic programs.

Historical Financial Performance

The overall financial condition of the Solid Waste Fund has remained sound. Revenues in the past years have surpassed budgeted amounts. Total revenues for 2008 were at \$30.5 million. The year-end cash balance for this fund increased from \$17.4 million in 2007 to \$20.7 million in 2008.

**Solid Waste Fund Revenues
(in thousands of dollars)**



Revenue Assumptions (2010)	
Number of dwelling units	104,582
Number of recycling customers	100,928

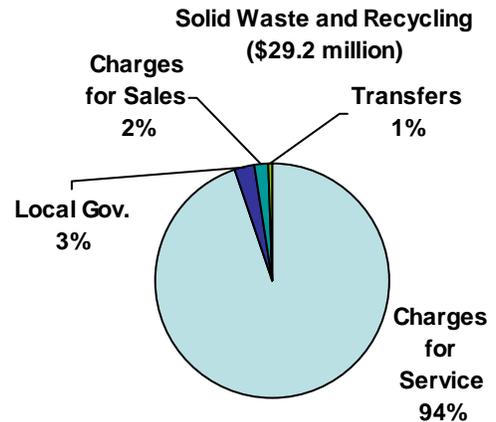
The Solid Waste division has invested over \$8 million in equipment in 2005 through 2008. Some of the equipment in the Division's list include recycling trailers, loading packer bodies, zoeller lifters, recycling cab chassis's, recycling bodies, and garbage collection cab chassis.

For 2009, year-end revenues from charges for services are projected to reach \$27 million and the total revenues for the fund are projected to reach \$29 million. Expenses for the Solid Waste and Recycling are projected at \$29 million, compared to 2009 budgeted amount of \$33 million.

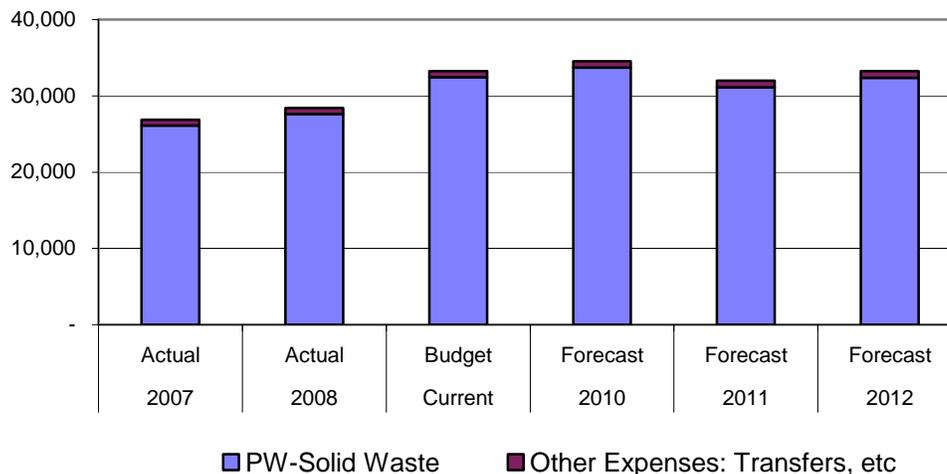
2010 Budget

Revenues

Total revenue budget for 2010 amounts to \$29.2 million compared to \$30.8 million for 2009. This is a decrease of 5.2% in revenue forecast. This decrease is due to anticipated drop in scrap metal sales and because there will be no rate increase. The 2010 Hennepin County Recycling Grant will continue at \$800,000.



Solid Waste Fund Expenditures (in thousands of dollars)



Expenditures

The total expenditure budget for 2010 amounts to \$34.4 million compared to \$33.3 million for 2009. This is an increase of 3.4% from 2009.

Transfers

The 2010 budget includes a \$700,000 transfer from Solid Waste and Recycling to General Fund to pay for snow plowing which will ensure delivery of solid waste and recycling services in the alleys. This transfer is projected to continue at \$700,000 in coming years.

The budget also includes a transfer of \$151,000 to the Debt Service Fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF).

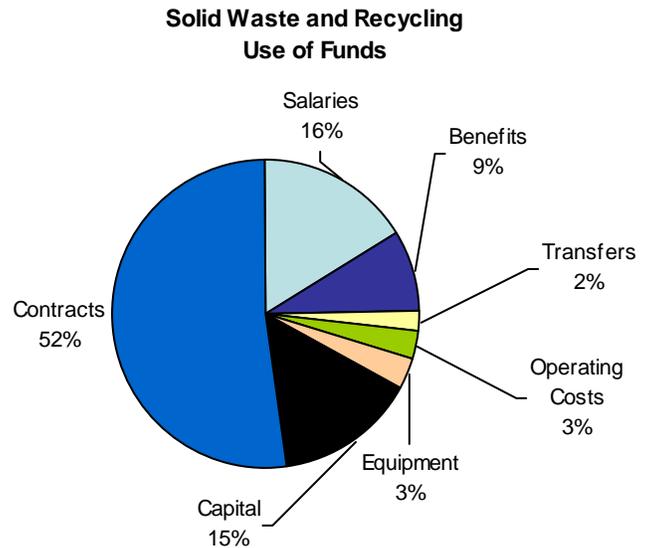
The Solid Waste and Recycling Fund will continue to receive \$146,000 from the Parking Fund for litter container pick-ups in downtown area. Since 2004, the Fund has been receiving \$50,000 as annual transfer from General Fund for graffiti removals.

Debt Service

This fund does not have any capital debt service payments.

Original Budget

The Mayor recommended no increase to these rates. Graffiti strategies are funded at \$1.2 million from the division’s fund balance. The Mayor also recommended \$50,000 from Community Development Block Grant funds for graffiti microgrants.



The Council approved the Mayor’s recommendations but reduces funding by \$50,000 from Community Development Block Grants funds for graffiti micro-grants.

The budget for this fund includes a reduction of BIS charges of \$18,600 due to the Council’s actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund’s appropriation by the same amount. Additionally, the budget for this fund includes a \$7,501 increase to General Fund Overhead charges due to the Council’s actions to fund two internal audit positions.

Mayor’s Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor’s recommendations.

**City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)**

Solid Waste Fund - 7700

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Sources of Funds:									
Local Government	784	872	800	819	800		800	800	800
Charges for Service	27,029	26,385	28,079	27,098	27,582	-1.8%	28,733	29,567	29,567
Charges for Sales	1,876	2,284	1,699	920	600	-64.7%	600	600	600
Special Assessments		573							
Other Misc Revenues, Rents	32	85			-				
Operating Transfers In:									
From Grants									
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund	50	200	50	50	50		50	50	50
Total	29,917	30,545	30,774	29,033	29,178	-5.2%	30,329	31,163	31,163
Use of Funds:									
PW-Solid Waste	26,094	27,594	32,433	28,261	33,546	3.4%	31,127	32,372	33,667
Transfers									
To General Fund	700	700	700	700	700	0.1%	700	700	700
To BIS Fund									
To Self Insurance Fund									
To MERF Fund	78	109	121	121	151	24.8%	148	164	136
Finance Department									
Human Resources									
Total	26,872	28,403	33,254	29,082	34,398	3.4%	31,975	33,236	34,503
Fund Margin	3,046	2,143	(2,480)	(49)	(5,219)	110.4%	(1,647)	(2,073)	(3,340)
Fund Balance	24,735	26,878	24,398	26,829	21,611	-11.4%	19,964	17,891	14,551
Cash Balance	17,373	20,667	18,187	20,619	15,400	-15.3%	13,753	11,680	8,340

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Sanitary Sewer Fund

Background

The Sanitary Sewer Fund, which had previously been a combination of Storm Water and Sanitary Sewer, was split into two separate funds in 2005.

The Fund accounts for 95% of the contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. These payments make up 75% of the fund's budget. It also accounts for sanitary sewer maintenance, design, capital programs, and long-term debt service.

Historical Financial Performance

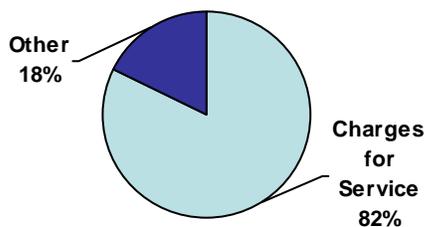
Total revenues for 2008 amounted to \$46.5 million compared to \$45 million in 2007. This increase of \$1.5 million is due to revenues from the capital program's bond proceeds. Similarly, the expenditures for 2008 totaled \$45.2 million compared to \$43.3 million in 2007, an increase of \$1.9 million. The increase in expenditures is mainly due to increase in debt service and capital programs.

2010 Budget

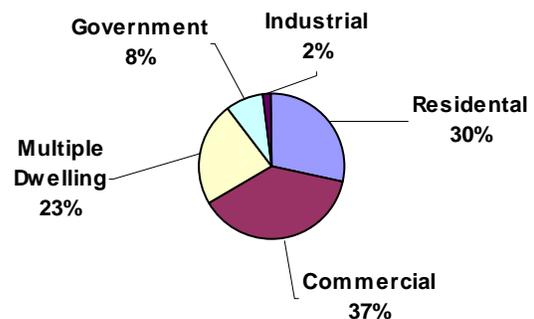
Revenues

Total revenue budget for Sanitary Sewer Fund for 2010 amounts to \$54.9 million compared to \$55 million in the 2009 current budget. This is a decrease of 0.1% over 2009 current budget. Sources of revenue for the Fund are monthly sanitary service fees, Sewer Availability Charges (SAC) charges, miscellaneous and bond revenues. Revenues from operations account for 82% of the budget and capital programs make up the remaining 18%. The decrease in revenue budget is due to decrease in consumer usage resulting in a lower revenue estimate for 2010.

**Sanitary Sewer
Source of Funds
(\$54.9 million)**



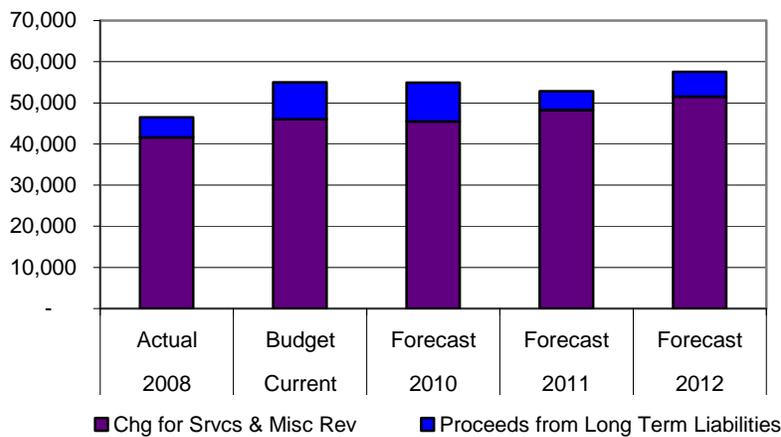
**Usage by Customer Type
(Based on actual revenue)**



Year	Rate (cost per 100 cubic feet)	% Increase	Average Monthly Bill	Total Planned Revenue from Utility Fee
2010	\$2.93	12.3%	\$17.58	\$42.9 million
2011	\$3.17	8.2%	\$19.02	\$45.8 million
2012	\$3.41	7.6%	\$20.46	\$49.0 million
2013	\$3.65	7.0%	\$21.90	\$52.2 million
2014	\$3.89	6.6%	\$23.34	\$55.4 million

Note: Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue is also deposited in the sanitary sewer fund from sources other than utility fees, such as SAC.

Sanitary Sewer Fund Revenues
(in thousands of dollars)

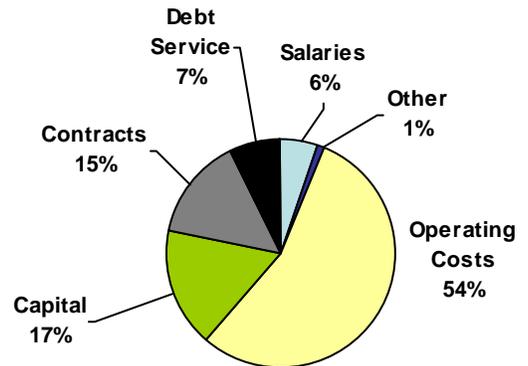


Expenditures

Total expenditure budget for 2010 amounts to \$55.6 million compared to \$53.7 million in the 2009 budget, an increase of \$2 million, or 3.5%. Debt service accounts for \$1.3 million of this increase whereas \$500,000 can be attributed to Capital programs; and the remaining \$200,000 increase stems from operations and pensions. The largest expense category in the sanitary sewer fund is the sanitary sewer charges paid to Met Council Environmental Services (MCES).

Estimated payment to MCES for 2010 is \$31.4 million, an increase of \$400,000 over 2009. Minneapolis is the largest customer in MCES' system. These charges make up 75% of the fund's budget and are reported as part of the Sewer Maintenance totals. The fund also accounts for maintenance and design works along with capital and debt service programs.

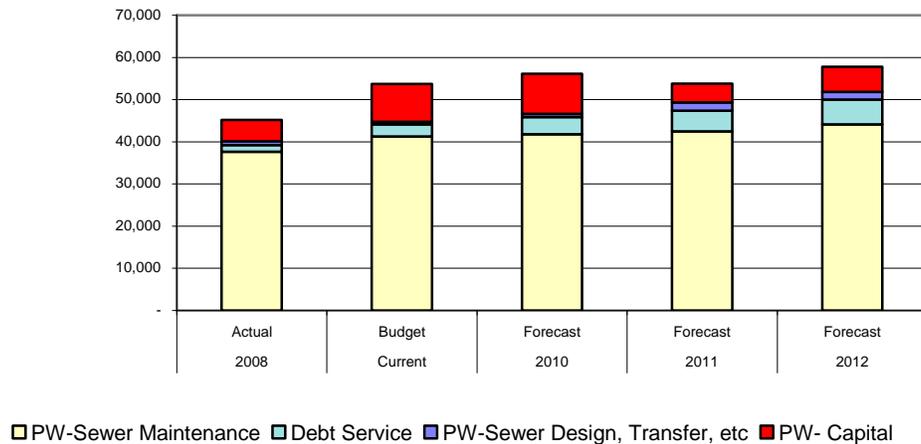
Sanitary Sewer Use of Funds (\$55.6 million)



Debt Service

When the sewer fund was split, it was determined the majority of the debt service was used to construct infrastructure related to storm water. Prior to 2007, all debt service was allocated to the storm water fund. The capital program was instituted in 2007 to address the inflow/infiltration issue in Minneapolis and will continue as part of the on-going five-year plan. Components of the program included expansion of the existing system and major repairs to current infrastructure. For 2010, \$9.5 million of the budget is set aside for capital programs and \$4 million is set aside as debt service payments for bonds sold in current and previous years to fund these projects.

Sanitary Sewer Fund Expenditures
(in thousands of dollars)



Original Budget

The Mayor recommended an increase of \$0.32 in per unit sanitary sewer rates. The Mayor further recommends a reduction of \$422,000 to the department’s current service level operating budget. The Council approved the Mayor’s recommendations.

The budget for this fund includes a reduction of BIS charges of \$1,800 due to the Council’s actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund’s appropriation by the same amount. Additionally, the budget for this fund includes a \$9,331 increase to General Fund Overhead charges due to the Council’s actions to fund two internal audit positions.

Mayor’s Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor’s recommendations.

City of Minneapolis
 FY 2010 Budget
 Financial Plan (in thousands of dollars)

Sanitary Sewer Fund - 7100

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Council Adopted	% Chg from 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Charges for Service	42,007	41,615	45,945	41,805	45,456	-1.1%	48,246	51,476	54,650
Other Misc Revenues			51	51	51		53	56	59
Proceeds from Long Term Liabilities	3,023	4,839	8,976	8,726	9,425	5.0%	4,500	6,000	6,750
Total	45,030	46,455	54,972	50,582	54,932	-0.1%	52,799	57,532	61,459
Use of Funds:									
PW-Sewer Design	258	312	357	325	409	14.6%	351	366	380
PW-Sewer Maintenance	38,807	37,624	41,283	39,269	41,405	0.3%	42,434	44,132	45,897
Debt Service	904	1,578	2,820	2,818	3,317	18%	3,174	3,387	2,044
Future Debt Service					749		1,750	2,509	3,362
Transfers	-				-		-	-	-
To Debt Service for MERF Liability	348	629	292	292	305	4.5%	708	1,096	1,178
PW- Capital	3,023	5,039	8,976	8,976	9,425	5.0%	4,500	6,000	6,750
Total	43,340	45,182	53,728	51,680	55,610	3.5%	52,918	57,489	59,611
Change in Net Assets	1,690	1,273	1,244	(1,098)	(678)	-154.5%	(118)	43	1,847
Net Asset Balance	86,142	86,891	88,135	85,793	85,115	-3.4%	84,997	85,040	86,887
Cash Balances									
Operating Cash	8,483	10,585	11,829	9,488	8,810	-25.5%	8,692	8,734	10,582

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Storm Water Fund

Background

The Storm Water Fund was previously a combination of Storm Water and Sanitary Sewer, which was then split in 2005 to form two separate funds: Storm Water Fund and Sanitary Sewer Fund. The Storm Water Fund accounts for storm water tunnels and treatment services, as well as a portion of the Inflow and Infiltration (I/I) Program carried out through Metropolitan Council Environmental Services (MCES).

The Fund also accounts for the Combined Sewer Overflow (CSO) Program, which separates storm sewer lines from sanitary sewer lines. The remainder of the fund is used for street sweeping, sewer design, and maintenance work.

Historical Financial Performance

In 2008, total revenues increased to \$39.2 million compared to \$37.7 million in 2007. The increase amounts to \$1.5 million or 4%. A rate increase of \$0.49 for utility billings and design revenues from capital activities account for the overall increase in revenues for 2008. The expenditures of \$35.6 million in 2008 remained constant compared to 2007. Increases in operations and fund transfers by \$1 million were off set by decreases in capital programs and debt service.

2010 Budget

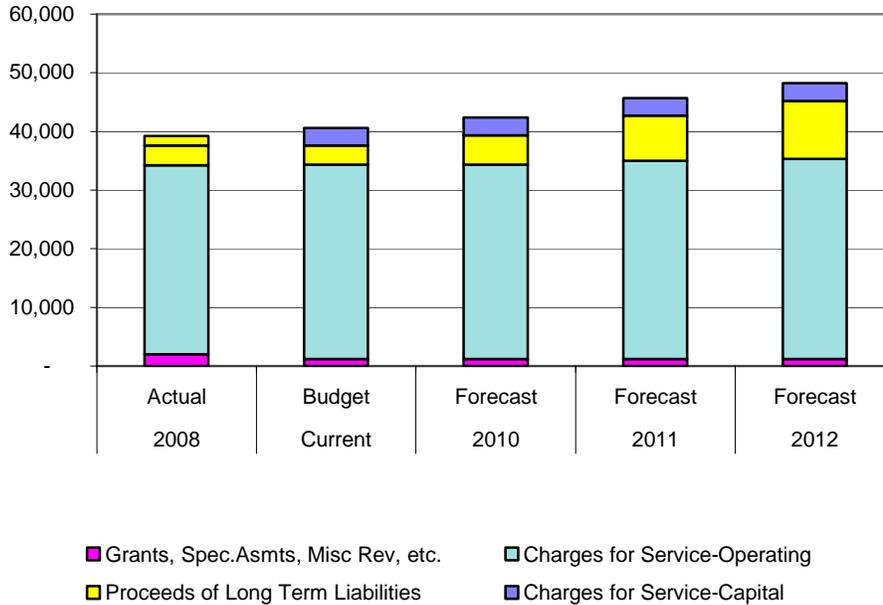
Revenues

The 2010 revenue budget is \$42.3 million, an increase of 4%, or \$1.8 million, over 2009 current budget of \$40.6 million. The increase in revenue budget is due to Capital programs where \$5 million will be generated from bond sales. Funds from state and local governments, which total \$1 million, are expected to remain at 2009 level.

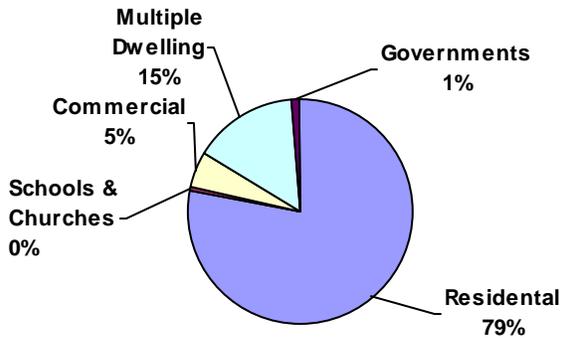
Year	Rate per ESU (Equivalent Stormwater Unit)	% Increase	Total Planned Revenue from Utility Fee
2010	\$11.09	3%	\$31.7 million
2011	\$11.42	3%	\$32.4 million
2012	\$11.65	2%	\$32.7 million
2013	\$11.88	2%	\$33.1 million
2014	\$12.13	2%	\$33.4 million

Note: Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue deposited in the Storm Water Fund also include sources other than utility fees, such as capital work for others billings.

Stormwater Fund Revenues
(in thousands of dollars)



Total Active Sewer Property Types

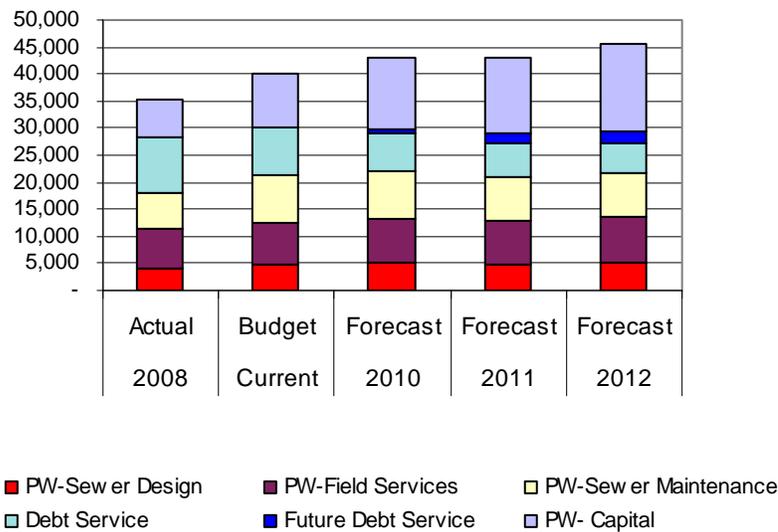


Total Active Sewer Property Types	
Property Type	Count
Residential	76,346
Commercial	5,333
Government	1,032
Schools/Churches	334
Multiple Dwelling	14,961
Total	98,006

Expenditures

The 2010 total expenditure budget for the Storm Water Fund amounts to \$41.4 million compared to \$40.3 million in the 2009 current budget, an increase of 3%. The expenditure budget funds operations, capital programs, debt services and pension fund. The Fund's operating budget is used for design and maintenance work, storm water and overflow programs, a portion of Met Council payments, and street cleaning. The operating budget for 2010 totals \$22 million and capital programs are estimated at \$10.8 million.

Stormwater Fund Expenditures
(in thousands of dollars)



Combined Sewer Overflow (CSO)

Combined Sewer Overflow project started in 2004 in order to design and reconstruct storm water drainage system. This is an on-going program and \$1.7 million has been allotted for 2010 from operating budget with additional funding coming from the Capital programs.

Transfers

A total transfer of \$305,000 has been set aside for the long term pension liability regarding MERF. This is an increase of \$13,000 over the 2009 budget.

Debt Service

The debt service payments are primarily for bonds sold to finance the Combined Sewer Overflow (CSO) and flood mitigation programs. For 2010, the estimated amount for debt service is \$7.7 million.

Original Budget

The Mayor recommended a reduction of \$449,000 from the Stormwater Fund. This reduction will be split between Transportation Maintenance and Repair (Street Cleaning) and Surface Water and Sanitary Sewer (shown in the utilities account). The Mayor also recommended a rate increase of \$0.32 of per Equivalent Stormwater Unit (ESU) rates. The Council approved the Mayor’s recommendations.

The budget for this fund includes a reduction of BIS charges of \$21,800 due to the Council’s actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund’s appropriation by the same amount. Additionally, the budget for this fund includes a \$4,961 increase to General Fund Overhead charges due to the Council’s actions to fund two internal audit positions.

Mayor’s Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor's recommendations.

**City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)**

Stormwater Sewer Fund - 7300

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Mayor Recomm	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Federal Government			749	749	761	1.6%	761	761	761
State Government	864	887							
Local Government	271	345	273	296	285	4.4%	285	285	285
Charges for Service-Operating	29,986	32,195	33,182	33,611	33,136	-0.1%	33,760	34,107	34,461
Charges for Service-Capital	712	1,620	3,000	1,500	3,000		3,000	3,000	3,000
Charges for Sales	26	0	1	1	1		1	1	1
Special Assessments	502	714	115	363	115		115	115	115
Interest	1	0	-	-	-		-	-	-
Other Misc Revenues	284	63	47	47	47		47	47	47
Proceeds of Long Term Liabilities	5,051	3,399	3,213	3,213	5,000	55.6%	7,735	9,895	10,788
Total	37,696	39,224	40,581	39,781	42,345	4.3%	45,704	48,211	49,458
Use of Funds:									
PW-Sewer Design	4,171	4,055	4,837	4,528	5,011	3.6%	4,897	5,093	5,297
PW-Field Services	6,764	7,366	7,644	7,415	7,886	3.2%	8,020	8,341	8,674
PW-Sewer Maintenance	6,458	6,612	8,811	7,141	9,122	3.5%	8,017	8,337	8,671
Debt Service	10,381	10,183	9,037	9,037	6,839	-24.3%	6,437	5,340	3,154
Future Debt Service					948		1,580	2,275	3,297
Transfers	49	513	292	292	805	175.7%	1,108	1,396	1,328
PW- Capital	7,819	6,916	9,633	8,133	10,820	12.3%	13,375	16,565	17,553
Total	35,642	35,646	40,255	36,545	41,432	2.9%	43,434	47,348	47,974
Change in Net Assets	2,054	3,578	326	3,236	913	179.8%	2,269	863	1,484
Net Asset Balance	231,483	242,271	242,598	245,507	246,420	1.6%	248,690	249,554	251,037
Cash Balances	810	3,850	4,176	7,086	8,000	91.5%	10,269	11,133	12,618
Operating Cash									
Construction Cash									
Total Cash Balance	810	3,850	4,176	7,086	8,000	91.5%	10,269	11,133	12,618

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Water Fund

Background

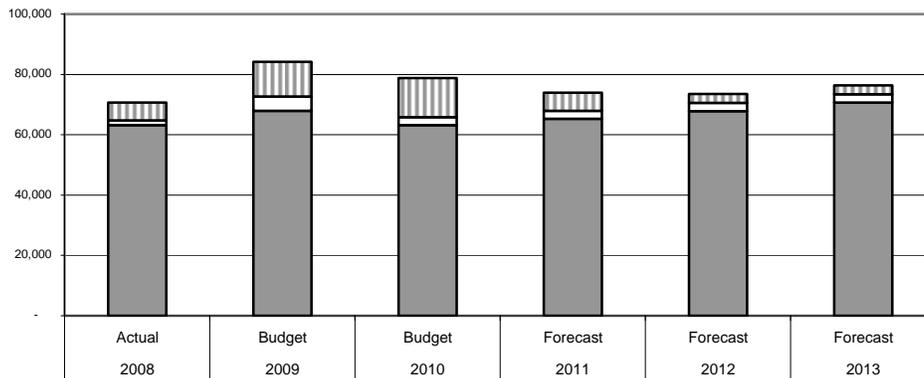
The Water Fund accounts for the operation and maintenance of a water distribution system for the City and several suburban city customers. The City currently sells water to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal and Edina.

Historical Financial Performance

The financial condition of this fund has been stable historically. The net assets of the Water Fund have increased over the past several years due primarily to the timing of scheduled rate increases for major capital improvements. The following table shows the revenue earned from Minneapolis and suburban sales for years 2007-2009:

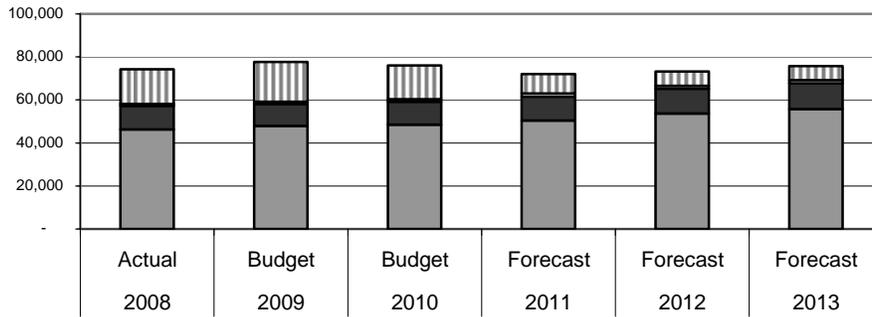
Source of Revenue	2007	2008	2009 Projected
Bloomington	\$3,138,000	\$3,132,000	\$3,372,000
Columbia Heights	1,004,000	984,000	1,077,000
Edina	229,000	325,000	246,000
Joint Water Commission	5,570,000	5,676,000	5,984,000
Hilltop	126,000	104,000	135,000
Total Suburban	\$10,067,000	\$10,221,000	\$10,814,000
Minneapolis	51,252,000	50,013,000	49,877,000
Total Revenue	\$61,319,000	\$60,234,000	60,691,000

Water Fund Revenues
(in thousands of dollars)



- Charges for Service
- Operating Transfers In
- Other Miscellaneous Revenues
- ▨ Proceeds of Long Term Liabilities

Water Fund Expenditures
(in thousands of dollars)



PW-Water
 Debt Service
 Other
 PW-Water - Capital

2010 Budget

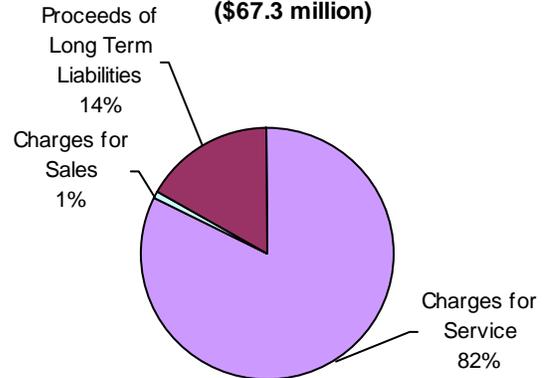
Revenues

There are projected rate increases for years 2009-2012 to pay debt service for the capital expenditures, as well as to cover anticipated growth in operating expenditures and to repair infrastructure. Rate increases may not result in increased revenue due to variable water consumption. A long-term trend has shown that Minneapolis water consumption has decreased slightly over the past several years.

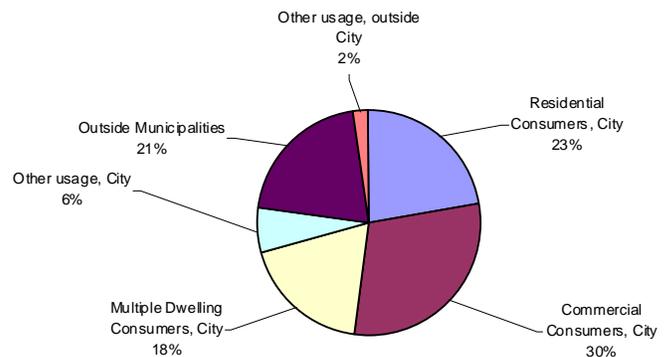
Water Utility Rates

The budget includes a rate increase for water from \$2.91/unit in 2009 to \$3.05/unit in 2010. The rate increase will provide funding for the multi-year capital projects and water distribution improvements.

Water Fund Source of Funds
(\$67.3 million)



Charges for Service by Customer
(Based on 2008 consumption)



Year	Rate (cost per 100 cubic feet)	Cost Per Month for Average Consumer ¹	% Increase	Total Planned Revenue from Utility Fee
2010	\$3.05	24.40	4.8%	\$61.3 Million
2011	\$3.20	25.60	4.9%	\$63.7 Million
2012	\$3.36	26.88	5.0%	\$66.9 Million
2013	\$3.54	28.32	5.4%	\$70.5 Million
2014	\$3.72	29.76	5.1%	\$74.2 Million

¹ Rate is based on cost per 100 cubic feet and assumes 8 units of water are consumed per month. Note: Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue is also deposited in the Water Fund from sources other than utility fees such as water service line repairs and permit fees.

The following table shows the projected revenue earned from suburban utility sales:

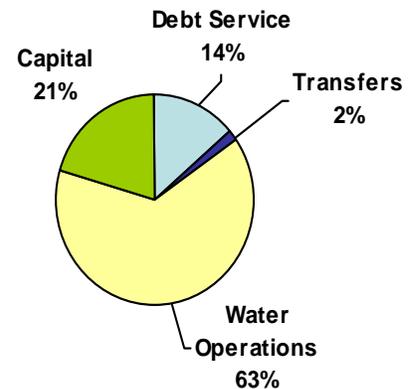
Year	Combined Average Rate	% Increase	Total Revenue Earned from Utility Fee - Suburbs
2010	1.89	2.6%	\$10.6 Million
2011	1.95	3.7%	\$11.0 Million
2012	2.04	4.5%	\$11.6 Million
2013	2.13	4.3%	\$12.2 Million
2014	2.22	4.2%	\$12.8 Million

Expenditures

The Water Fund's operating budget includes a minor percentage increase to keep customers' rate increases minimal.

The budget provides funding for the capital improvement program. Current capital projects include improvements to the water distribution network, treatment infrastructure improvements and a \$25 million multiyear project to replace the current dewatering plant which uses centrifuges with new filter presses which will improve efficiency and reduce operating costs. The 2010 recommended capital budget is \$3.5 million and represents a 92% decrease from the 2009 capital budget which included \$18.5 million for the second ultrafiltration water plant project which was cancelled in early 2009.

**Use of Funds
Water Fund – 7400
(\$64.2 million)**



Transfers to Other Funds

The Water Fund incurs a transfer expense related to its share of the Minneapolis Employee Retirement Fund (MERF) pension obligations. The \$1.26 million will be transferred to the bond redemption fund to cover the liability obligations related to Water Fund employees that have retired under the MERF pension plan.

Debt Service

The debt service amounts are primarily for bonds and notes sold to finance the Water-Works Capital Construction program.

Original Budget

The Mayor recommended an increase to the per unit water rate of \$0.14. The Mayor also recommended a redefinition of rates to stabilize revenues. The Council approved the Mayor's recommendations.

The budget for this fund includes a reduction of BIS charges of \$46,500 due to the Council's actions to reduce the BIS budget. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$10,821 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)
Water Fund - 7400

	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg from 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:								
Licenses and Permits	1	1	1	1		1	1	1
Charges for Service	63,203	67,961	62,821	63,173	-7%	63,734	66,940	70,548
Charges for Sales	5	2,760	1,892	654	-76%	2,699	2,740	2,781
Other Misc Revenues	1,579	2,000	2,000	2,000		2,000	2,000	2,000
Operating Transfers In	-	-	-	-		-	-	-
Proceeds of Long Term Liabilities	5,871	34,500	34,500	1,500	-96%	3,000	4,500	4,500
Total	70,659	107,222	101,214	67,328	-37.2%	71,434	76,181	79,830
Use of Funds:								
PW-Water	46,292	47,908	47,908	48,446	1.1%	50,333	53,542	55,539
Debt Service	10,927	9,924	9,924	8,759	-11.7%	9,020	8,973	9,078
Future Debt Service		253	253	2,217		2,597	3,165	3,748
Transfers								
To Debt Service for MERF Liability	968	1,071	1,071	1,258	17.5%	2,886	3,386	3,886
PW-Water - Capital	16,007	41,500	41,500	3,500	-91.6%	5,000	6,645	6,610
Total	74,194	100,656	100,656	64,180	-36.2%	69,836	75,712	78,861
Water Works Fund Margin	-3,535	6,566	558	3,148	-52.1%	1,598	469	969
Water Fund Balance	154,866	161,432	155,424	158,571	-1.8%	160,169	160,639	161,607
Cash Balance	462	7,028	1,020	3,904	-44.5%	5,502	5,971	6,940

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Public Works Stores Fund

Background

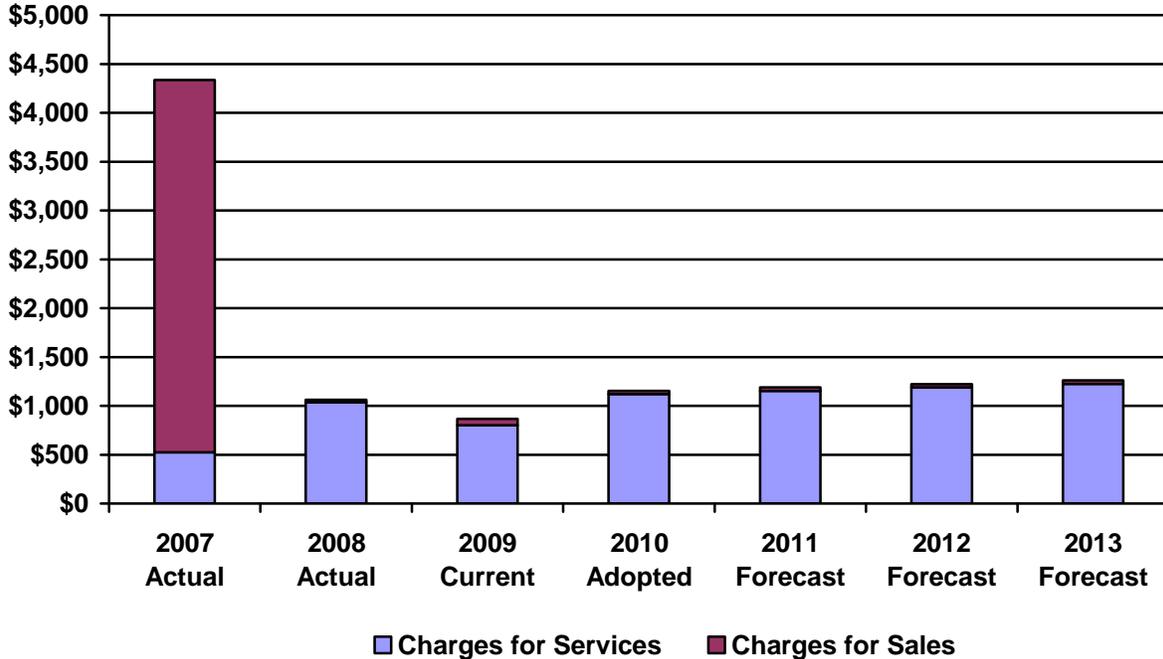
The Public Works Stores fund accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory items, and the purchase of special goods and services through Public Works Central and Traffic stores.

Historical Financial Information

Public Works has operated central stores since January 1965. At that time the stockrooms of property services, bridge maintenance, paving construction, and sewer construction and maintenance were combined to establish a central stores operation. In 1980, central stores began purchasing all of the City's needs for office supplies and non-specialty items.

In June 1998 a redesign of the central stores function determined a revised overhead structure. The revised plan resulted in positive net income for years 2000 through 2007. For year ending 2008, PW Stores recorded a net loss of \$646,000.

Public Works Stores Revenue
(in thousands of dollars)



2010 Budget

Revenues

Revenues are expected to be sufficient in 2010, at \$1.2 million to cover the \$1.2 million in budgeted expenditures. A significant difference exists between the revenue budgeted for 2010 and the amount budgeted for 2009. Due to a process change in recording inventory transactions, the 2010 revenue is budgeted at the amount of overhead charged when goods are sold from inventory. In 2009, revenue was budgeted as the cost of goods sold plus the overhead charged on each item. The actual revenue earned in 2008 is recorded as the overhead charge only. The fund required an interfund cash advance of \$2.3 million at year-end 2008 to cover a cash balance deficit and incurred a liability for the advance.

Expenditures

The 2010 expenditure budget of \$1.2 million does not include an amount budgeted for cost of stores issuance. This results in a significant decrease from the 2009 budget of \$3.7 million. The new inventory system implemented in 2008 does not record a cost of goods sold when the item is sold from inventory. The cost of the item is removed from the expenditure budget when the item is sold to City departments. This process permits a zero budget amount recorded for cost of stores issuance. This method applies to the actual expenditures recorded for 2008. The 2010 expenditure budget is decreased by 28.2% from the actual budget for 2008.

Transfers

There is a transfer out in 2010 for \$33,000 related to the debt service for the Minneapolis Employees Retirement Fund (MERF) unfunded pension liability.

Debt Service

This fund does not have long-term debt.

Original Budget

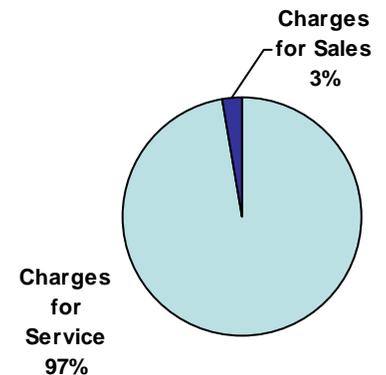
The Mayor recommended and Council approved no changes to this fund.

The budget for this fund includes a reduction of BIS charges of \$3,100 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$168 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

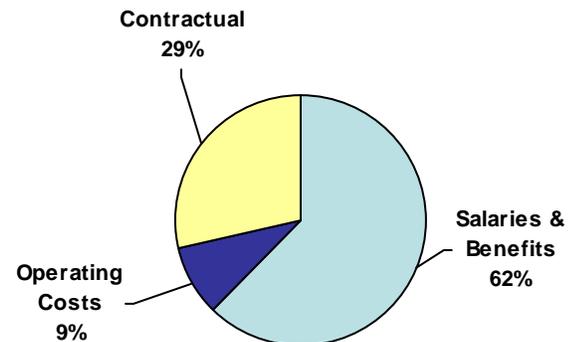
Mayor's Revised Budget

The Mayor recommended no changes to this fund.

**Public Works Stores Fund
Source of Funds
(\$1.2 million)**



**Public Works Stores Funds
Use of Funds
(\$1.2 million)**



Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousand of dollars)
PW Stores Fund - 06300*

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Changes for Services	524	1,036	401	800	1,120	179.3%	1,154	1,188	1,224
Charges for Sales	3,811	25	3,343	66	33	-99.0%	34	35	36
Total	4,335	1,061	3,744	866	1,153	(69.2%)	1,188	1,223	1,260
Use of Funds:									
Salaries and Fringes	732	801	717	725	736	2.6%	758	781	804
Contractual Services	249	239	344	300	335	(2.6%)	345	355	366
Materials and Other	61	591	242	60	34	(86.0%)	35	36	37
Rent	25	29	34	34	43	26.5%	44	46	47
Cost of Stores Issuance	3,096	-	2,373	0	-	(100.0%)	-	-	-
Transfers	11	31	34	34	33	(2.9%)	34	35	36
Total	4,174	1,690	3,744	1,153	1,181	(68.5%)	1,216	1,253	1,291
Change in Net Assets	161	(646)	-	(287)	(28)		(29)	(30)	(31)
Net Assets	3,531	2,885	2,885	2,598	2,857		2,828	2,798	2,768
Cash Balance¹	(561)	(2,284)	(2,284)	(2,571)	(2,312)		(2,341)	(2,371)	(2,401)

* This fund includes the Public Works division Engineering Materials & Testing (also known as Cental Stores).

¹Cash balance for 2007 and 2008 is the sum of the CAFR cash balance and the Due to Other Funds.

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Engineering Materials and Testing

Background

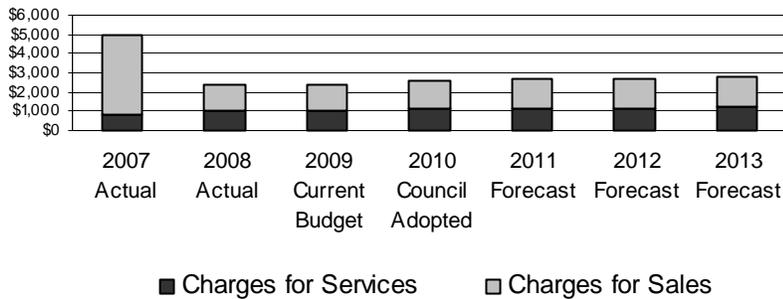
The Engineering Materials and Testing Fund accounts for City purchases of hot-mix asphalt and ready-mix concrete in order to ensure compliance with State and Federal standards and specifications and provide quality control. The Engineering Laboratory is a component of this fund which provides inspection and testing services and maintains a laboratory for testing construction materials, performing geotechnical evaluations, and coordinating related environmental field services.

Historical Financial Performance

The revenue sources for this fund include the procurement of hot-mix asphalt and ready-mix concrete materials along with inspection and testing services by the Engineering Laboratory.

The decision to suspend operations at the asphalt plant at the end of 2003 resulted in a \$777,000 loss on the disposal of this asset and a decrease in net assets of \$709,000. From 2003 through 2007, this fund had a decrease in net assets of \$1.5 million of which \$777,000 is due to the loss on the disposal of the asphalt plant.

Engineering Materials and Testing Revenue



2010 Budget

Revenues

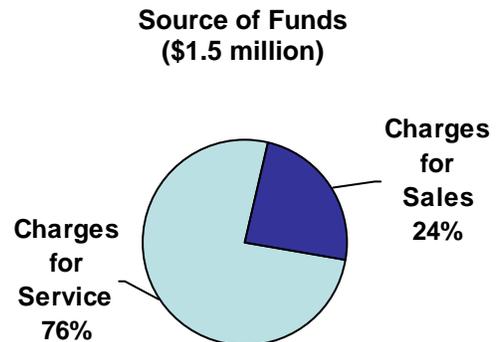
This fund generates revenue from testing and inspection services provided by the Engineering Lab and the sale of concrete and asphalt from outside vendors to other City departments. Product types and quantities are identified for customer departments. A rate model determines product costs to allow the fund to generate revenues that match operating expenditures.

With the implementation of the new financial accounting system in 2008, the recording of revenue earned from asphalt and concrete sales was modified to include only the revenue generated from the mark up overhead added to the cost of the product. Previously, revenue was recorded as the cost of the goods plus the markup. Because the 2007 charges for sales includes the cost of the product and the mark up, there is a sharp decrease in revenue earned from charges for sales from 2007 to 2008. The 2009 projection and the 2010 budget reflect this

change in recording revenue earned from charges for sales. The 2010 revenue budget includes \$1.1 million earned from charges for services provided by the engineering lab and \$350,000 as mark up on the sale of asphalt and concrete.

Expenditures

The 2009 projection and the 2010 budget do not include the cost of asphalt and concrete in the use of funds for materials resulting in a sharp decrease from the 2009 current budget. The 2010 expenditure budget is \$1.5 million, a 14.7% decrease from the 2009 projected expenditures. The budget for rent decreased sharply in 2010 due to the fund's operations residing in one location and to the demolition of the paving lab.



Transfers

The 2010 budget includes a transfer out of \$57,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability.

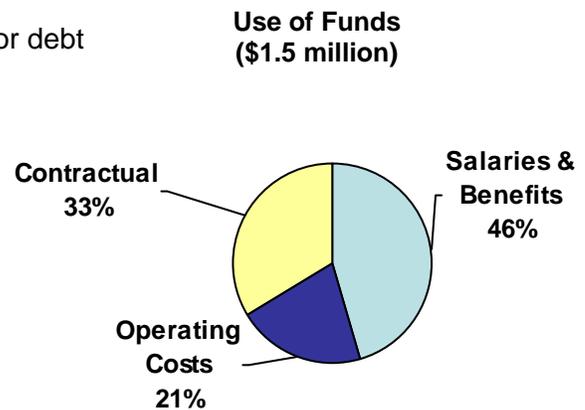
Debt Service

This fund does not have long-term debt.

Original Budget

The Mayor recommended and Council approved no changes to this fund.

The budget for this fund includes a reduction of BIS charges of \$4,500 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$1,059 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.



Mayor's Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor's recommendations.

**City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)**

Engineering, Materials and Testing - 6000*

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Projected	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Charges for Services	846	1,069	1,030	1,030	1,110	7.8%	1,143	1,178	1,213
Charges for Sales	3,251	209	3,501	350	350		357	364	371
Other Misc Revenues	-	-	-	-	-		-	-	-
Total	4,097	1,278	4,531	1,380	1,460	5.8%	1,500	1,542	1,584
Use of Funds:									
Personnel Services	790	731	1,257	745	666	-10.6%	683	700	717
Contractual Services	321	498	508	490	486	-0.8%	496	506	516
Materials and other	2,902	67	2,787	329	242	-26.4%	247	252	257
Rent	96	61	86	86	6	-93.0%	10	10	10
Interest	-	-	-	-	-		-	-	-
Transfers	42	53	58	58	57	-1.7%	60	60	60
Total	4,151	1,410	4,696	1,708	1,457	-14.7%	1,495	1,527	1,560
Change in Net Assets	(70)	(169)	(165)	(328)	3		5	15	25
Net Assets	197	28	(137)	(300)	(134)		(129)	(114)	(90)
Cash Balance¹	243	(128)	(293)	(456)	(290)		(285)	(270)	(246)

* This fund does not include the Public Works division Engineering Materials & Testing (also known as Central Stores). For information that division, please see the Public Works Stores Fund financial plan.

¹ Cash Balance for 2008 equals CAFR cash balance combined with Due to Other funds.

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Intergovernmental Services Fund

Background

The Intergovernmental Services Fund accounts for all of the operations of the Business Information Services Department (BIS) including information and technology functions, managed services with Unisys, the Program Management Division (PMD), and telecommunications operations. The fund also accounts for operations within the City Clerk's office including central mailing and printing services. A portion of the Human Resources budget that is designated for internal training is included in this fund.

The City Council approved a long-term financial plan for the Intergovernmental Services Fund in September 2000, to resolve both the annual operating deficit and accumulated cash deficits for this fund. Since that time, the fund has achieved positive changes in net assets for 2006, 2007, 2008 and is projected to do so in 2009. Assumptions in the plan anticipated the first positive change in net assets to occur in 2007.

The City Council has appropriated \$1.0 million for technology projects in 2010 and \$700,000 in 2011 and 2012. The City technology expenditures exceed that amount. In 2008, BIS incurred nearly \$14.0 million in expense toward technology projects. The majority of the funding sources were from grants and departmental operating budgets. This level of spending on technology is projected to continue. The PMD generates revenue for the department along with providing quality, low-cost project management for technology-related projects.

In 2009, the debt service payments are scheduled to increase substantially from \$3.4 million in 2008 to \$10.2 million in 2009 through 2012. By 2013, the current debt will be reduced to \$200,000.

This fund continues to be active with new initiatives:

- **City-Wide:** *Wireless Minneapolis*, a City-wide wireless broadband IP data access network for use by residents, businesses, guests and governmental entities, was completed in December 2009. The City has entered into a 10-year contract with US Internet as the anchor tenant of the network, committing to \$1.25 million in annual usage. Simply converting existing wireless technologies to the wi-fi network will not achieve this level of annual usage. For Minneapolis to fully realize the benefit the City will need departments to embrace new ways of doing their work; implementing capabilities that previously were not feasible. The community, however, already enjoys the benefits from the City's investment. Broadband access is now available at a very affordable rate with the added benefit of mobility, many community technology centers have free accounts, and free hot spots will be operational early in 2010.
- **Department Specific:** Other initiatives include an Emergency Operations Command Center, mobile housing inspectors, impound management software, continued implementation of the new financial system, Civil Rights compliance management system, and Public Works' traffic management system.

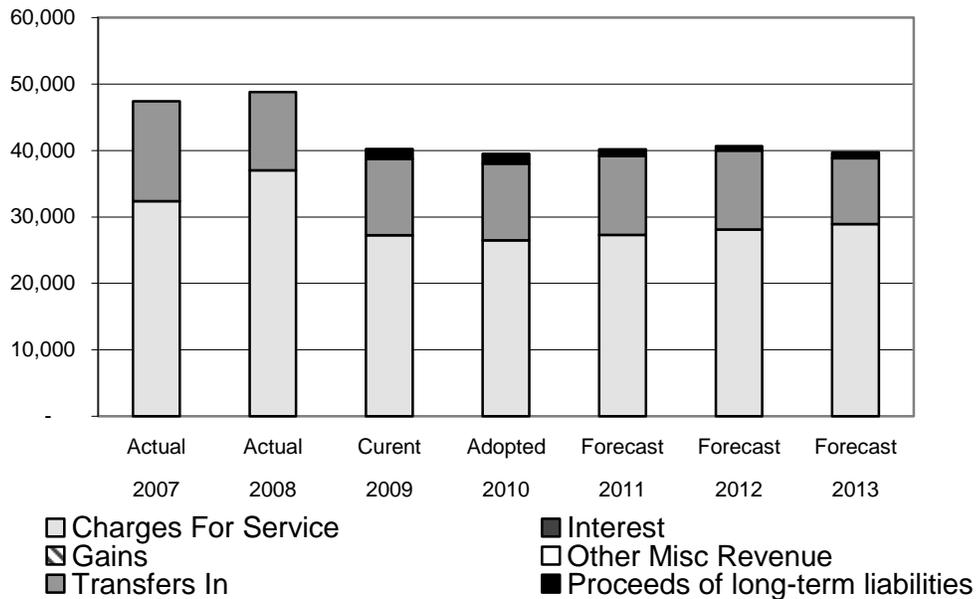
The net asset deficit in this fund will decline as it continues to provide services that are being accounted for through its allocation model, fees for service with PMD, and other ways that the fund collects revenues in order to offset its costs. The allocation model for the fund was developed using an accounting industry standard known as activity-based costing. The model assigns costs to customers on a “level of effort” basis. This model was used in charging customer department rates beginning in 2005.

Historical Financial Performance

Net assets were affected by the realignment of fixed assets and its related debt to the Intergovernmental Services Fund. This change in accounting caused a one-time adjustment to the fund's net assets of a negative \$21.7 million. Although this negative adjustment caused fund net assets to have a balance of negative \$40.8 million at year-end 2002, it better represents the financial condition of the fund and the importance of implementing the strategies to meet the guidelines of the financial plan. This trend has been reversed. At year-end 2008, net assets improved to \$4.9 million.

The long-term financial plan projected the net asset balance at year-end 2008 to increase \$5.7 million from a deficit of \$13.6 at year end 2007 to a deficit of \$7.9 million. The actual net asset balance at year-end 2008, \$4.9 million, represents an increase of \$18.5 million from the 2007 ending balance. The fund's cash balance has also increased ahead of the long-term financial plan projection. The projection predicted a 2008 ending cash balance deficit of \$1.6 million. At year-end 2008, the fund reached a positive cash balance of \$94,000, an increase of \$2.0 million from the 2007 ending cash balance of a deficit of \$1.9 million and \$1.7 million ahead of the long-term financial plan.

Information Technology Fund Revenues
(in thousands of dollars)



2010 Budget

Revenues

To fund the cost of providing information technology services, the financial plan required that the annual transfer from the general fund received an increase of \$1.2 million each year from 2005 through 2008, minus the reductions noted in the Five-Year Financial direction which were partially offset by operational savings. In 2009, the fund received an increase of \$3.0 million from a transfer in from the General Fund with no additional increases planned for 2010. Total transfers, includes money from the bond redemption fund, equal \$11.5 million in 2010.

Charges for service were increased, reflected by the additional revenue that BIS has been generating in providing services directly charged to City departments for the services they received over the normal service level provided.

Allocation Model Implications

The allocation model has five components on the customer expense side: BIS application support; BIS operating; telecommunications; data connectivity; and special customer specific services. Revenues generated through the allocation model will recover the following:

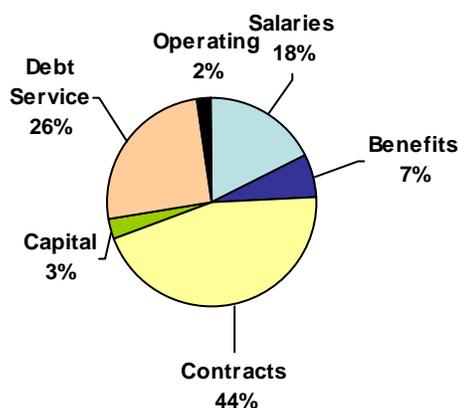
- BIS operating costs at a level that conforms to the Council-adopted financial plan.
- Debt service resulting from phone system purchase.
- A small portion for City Clerk data center operations and Human Resources operations.

Revenue Assumptions (2010)	
Number of PC's	2,973
Number of telephones	2,951

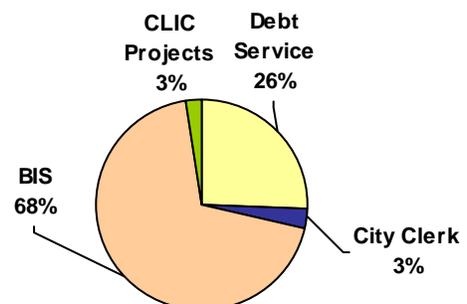
Expenses

Expenses in the Intergovernmental Services Fund are comprised of the operating expenses (salaries/benefits, contractual, operating, equipment) of BIS, the City Clerk's office, and Human Resources. Capital expenditures for information technology investments were budgeted in the City's Permanent Improvement Fund, but now are budgeted in the Intergovernmental Services Fund. This has caused an increase in depreciation expense. The budget includes \$1 million in property tax supported debt for information technology.

**Intergovernmental Services Fund
Use of Funds
(\$37.3 million)**



**Intergovernmental Services Fund
Use of Funds by Department
(\$37.3 million)**



Transfers

Transfers-in (revenue) relates to a transfer from the general fund of \$9.6 million to subsidize BIS debt service payments and also a \$1.8 million transfer from the general debt service fund. BIS also has a transfer out (expense) of \$218,000 for debt service related to the Minneapolis Employees Retirement Fund's (MERF) unfunded pension liabilities.

Debt Service

In 2010, the fund will have a bond liability of \$19.2 million, with an annual debt service payment of \$9.5 million.

Original Budget

The Mayor recommends a reduction of \$1.6 million and 8 positions from the current service level for this department. This includes a \$1.3 million reduction to general fund departments and \$325,000 for non-general fund departments. If this recommendation is adopted, general fund departmental appropriations will be reduced to achieve the general fund reduction. The Council approved the Mayor's recommendations.

The budget for this fund includes a \$5,761 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommended a reduction of \$200,000 on a one-time basis. The department shall meet this reduction through non-personnel savings and explore additional ongoing savings through the restructuring and reduction of existing services in anticipation of the 2011 budget.

Council Revised Budget

The Council approves the Mayor's recommendations.

**City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)**

Intergovernmental Services Fund

	2007	2008	2009		% Chg		2011	2012	2013
	Actual	Actual	Current Budget	2009 Projected	2010 Budget	From 2009 Budget	Forecast	Forecast	Forecast
Source of Funds:									
Charges For Service	32,349	37,017	27,228	31,008	26,494	-2.7%	27,289	28,107	28,951
Interest	-	-	-	-	-	-	-	-	-
Gains	(250)	-	-	-	-	-	-	-	-
Other Miscellaneous Revenue	-	5	-	-	-	-	-	-	-
Operating Transfers In	15,036	11,762	15,419	15,419	11,252	-27.0%	11,873	11,873	9,873
Proceeds of Long term Liabilities	-	-	1,500	1,500	1,507	0.5%	1,000	700	872
Total	47,135	48,784	44,147	47,927	39,253	-11.1%	40,162	40,680	39,696
Use of Funds:									
Transfers	177	296	212	212	218	2.8%	1,718	1,718	1,718
Debt Service	1,673	3,399	10,201	10,337	9,499	-6.9%	9,695	9,165	216
City Clerk	1,352	1,158	1,202	1,202	1,188	-1.2%	1,224	1,260	1,298
Human Resources	198	178	252	302	259	2.8%	267	275	283
Information & Tech Services	30,762	13,993	25,521	30,244	24,428	-4.3%	25,161	25,916	26,693
SISSP Projects	2,871	6,622	1,500	1,500	1,507	0.5%	1,000	700	872
Total	37,033	25,646	38,888	43,797	37,099	-4.6%	39,064	39,034	31,080
Change in Net Assets	10,153	18,480	5,259	4,130	2,154		1,098	1,647	8,615
Net Assets	(13,612)	4,868	10,127	8,998	12,281		13,379	15,025	23,641
Cash Balance¹	(1,886)	94	5,353	4,224	7,507		8,605	10,251	18,867
Work out Plan Target Cash²	(1,886)	(1,632)	16	16	1,693		2,566	3,503	9,653
Variance Cash to Work-out Plan	-	1,726	5,337	4,208	5,814		6,039	6,748	9,214

¹Note: The 2007 CAFR cash balance is \$114,254. The actual ending cash balance was a deficit of \$1,886,000. At year end 2007, the fund received an interfund transfer of \$2,000,000 for the deficit. The interfund transfer was reversed in 2008.

² The cash projections for 2008 onward are based on the updated long-term financial plan for this fund, adopted by Council in 2008.

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Fleet Services Fund

Background

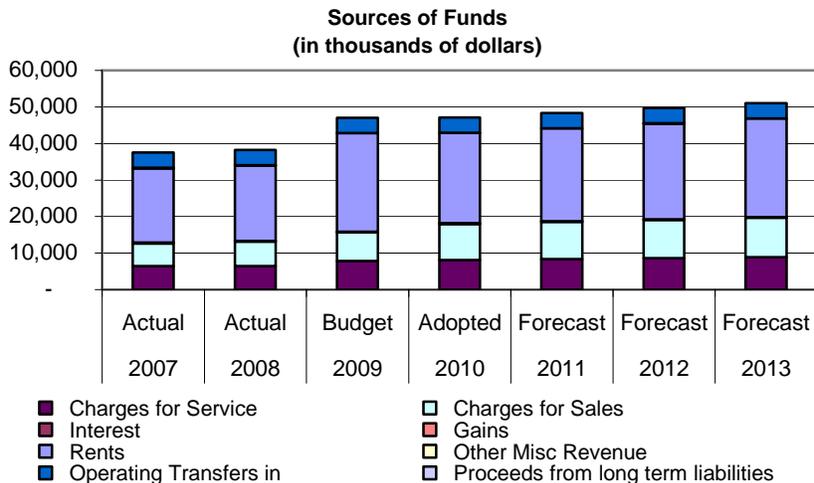
The Fleet Services Fund accounts for the ownership and operation of a fleet of approximately 1,200 vehicles and other pieces of motorized equipment, as well as 400 vehicle accessories. The City's fleet of vehicles and equipment is the largest portion of the fund's assets and has an estimated acquisition value of approximately \$64.1 million.

The Fleet Services Fund rents vehicles and other equipment to City departments. For example, it provides police vehicles, fire trucks, heavy-construction equipment, snowplows and other maintenance equipment to City departments. In addition, the operation funds drivers and operators for equipment as necessary.

Historical Financial Performance

In 2000, the fund had a deficit cash position of \$17.8 million due to the fund not recovering all the costs of operation. A long-range financial plan was developed in 2001 to generate sufficient revenue to cover the full cost of operations. The fund achieved a positive cash balance of \$3.1 million in 2003 and net assets of \$13.3 million. The fund maintained a positive cash balance until 2008 when the cash balance decreased \$150,000 from the 2007 ending balance of \$200,000 to a deficit ending balance of \$49,000. A target cash balance of \$4.9 million at year end 2008 was projected by the long-term financial plan. The 2008 ending net asset balance of \$23.8 represents an increase of \$2.1 in net assets from the 2007 balance of \$21.7 million. The long-term financial plan projected a net increase of \$4.2 million and a 2008 ending net asset balance of \$26.8 million.

The original long-range financial plan financed fleet purchases by issuing general obligation bonds. Upgrading the fleet reduced the average age of the fleet, reducing maintenance costs in the fund. The fund continues to follow the plan to maintain a positive cash balance, increase net assets, and to end its reliance on bonds to fund the fleet purchases. In 2006, the practice of issuing bonds to finance fleet replacement was discontinued.



2010 Budget

Revenue

The Fleet Services Division uses an activity-based costing approach to bill internal customers for use of vehicles. This method establishes a fleet rental rate that covers the replacement cost of the vehicles after the useful life. Maintenance, repairs and fuel costs of the fleet are charged separately. All of these charges are billed at a rate that allows the Fleet Services Division's revenue to match expenses. Total revenues for 2010 are budgeted at \$47.1 million, an increase of 0.1% over the 2009 budget.

Expenditures

The 2010 expenditure budget is \$47.1 million which represents an increase of 1.4% over the 2009 budget. The difference is primarily due to recording the cost fuel inventory as an expense to materials beginning in 2010.

Transfers

The 2010 budget includes a transfer out of \$581,000 for debt service related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability.

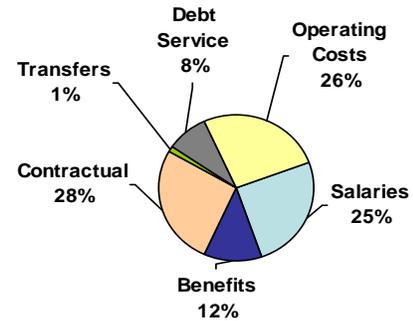
Debt Service

As part of the fleet modernization effort that began in 1997, the City issued bonds to finance fleet upgrades and to build new maintenance facilities. Principal and interest payments totaling \$3.4 million is due in 2010 related to these bonds.

Net Assets

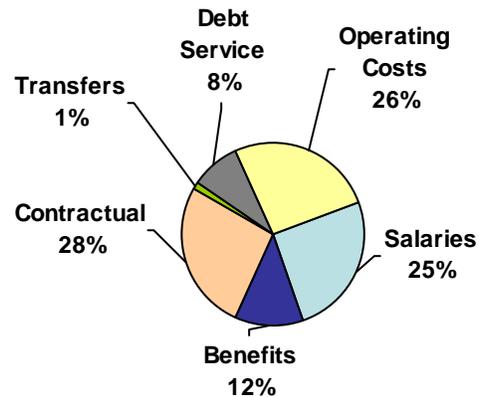
A primary objective of the long-range financial plan is to increase the fund's net assets and the cash balance. The net asset balance at year end 2008 is \$23.8 million which is an increase of \$2.1 million from the 2007 ending balance of \$21.7 million.

Use of Funds
(\$47.1 million)

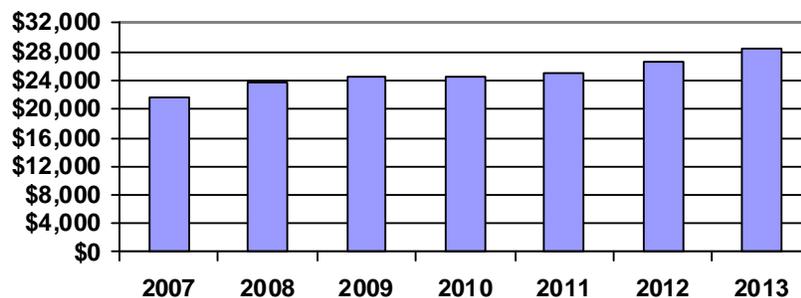


Revenue Assumptions (2010)	
Number of vehicles serviced	1200
Number of vehicles purchased	60

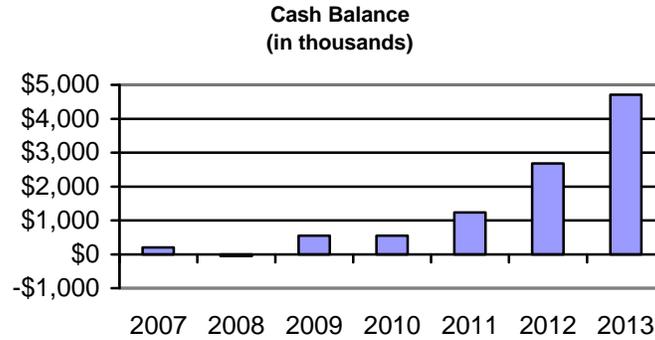
Use of Funds
(\$47.1 million)



Net Assets (in thousands)



The fund has steadily increased its net assets since 2003 when the long range financial plan was first implemented. The 2008 ending cash balance of a deficit of \$48,707 is a decrease of \$248,644 from the 2007 ending balance of \$199,937. The following charts illustrate the historical and projected performance of the fund:



Original Budget

The Mayor recommended and Council approved no changes to the Equipment fund.

The budget for this fund includes a reduction of BIS charges of \$24,800 due to the Council’s actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund’s appropriation by the same amount. Additionally, the budget for this fund includes a \$9,620 increase to General Fund Overhead charges due to the Council’s actions to fund two internal audit positions.

Mayor’s Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor’s recommendations.

**City of Minneapolis
FY 2010 Budget
Financial Plan (in thousand of dollars)**

Fleet Services

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Charges for Service	6,486	6,460	7,860	7,000	8,133	3.5%	8,377	8,628	8,887
Charges for Sales	6,118	6,695	7,800	6,600	9,838	26.1%	10,133	10,437	10,750
Interest	1	0	1	1	0	-100.0%	1	1	1
Gains	282	164	200	200	200	0.0%	200	200	200
Rents	20,263	20,685	27,004	27,000	24,726	-8.4%	25,467	26,231	27,018
Other Misc Revenue	187	30	10	20	10	0.0%	10	10	10
Operating Transfers in	4,180	4,180	4,180	4,180	4,180	0.0%	4,180	4,180	4,180
Proceeds from long term liabilities	-	-	-	-	-		-	-	-
Total	37,517	38,214	47,055	45,001	47,087	0.1%	48,368	49,688	51,047
Use of Funds:									
Debt Service	7,363	3,826	3,462	3,462	3,405	-1.6%	3,451	3,280	3,331
Transfers	332	453	502	502	581	15.7%	581	581	581
PW Equipment	22,218	27,788	34,562	30,916	35,334	2.2%	36,041	36,761	37,497
PW Equipment Capital	4,852	6,996	7,927	8,469	7,752	-2.2%	7,600	7,600	7,600
Total	34,765	39,063	46,453	43,349	47,072	1.3%	47,673	48,222	49,009
Change in Net Assets	3,338	2,069	602	1,652	15		696	1,465	2,038
Net Assets	21,715	23,784	24,386	24,386	24,401		25,096	26,562	28,600
Cash Balance¹	200	(49)	553	553	568		1,263	2,729	4,767
Long Range Financial Plan Target Cash	2,988	4,910	7,293	7,293	9,734		12,127	14,692	14,692
Variance Cash to LRFP	(2,788)	(4,959)	(6,740)	(6,740)	(9,166)		(10,864)	(11,963)	(9,925)

¹Cash balance for 2007 and 2008 is the sum of the CAFR cash balance and the Due to Other Funds.

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Property Services Fund

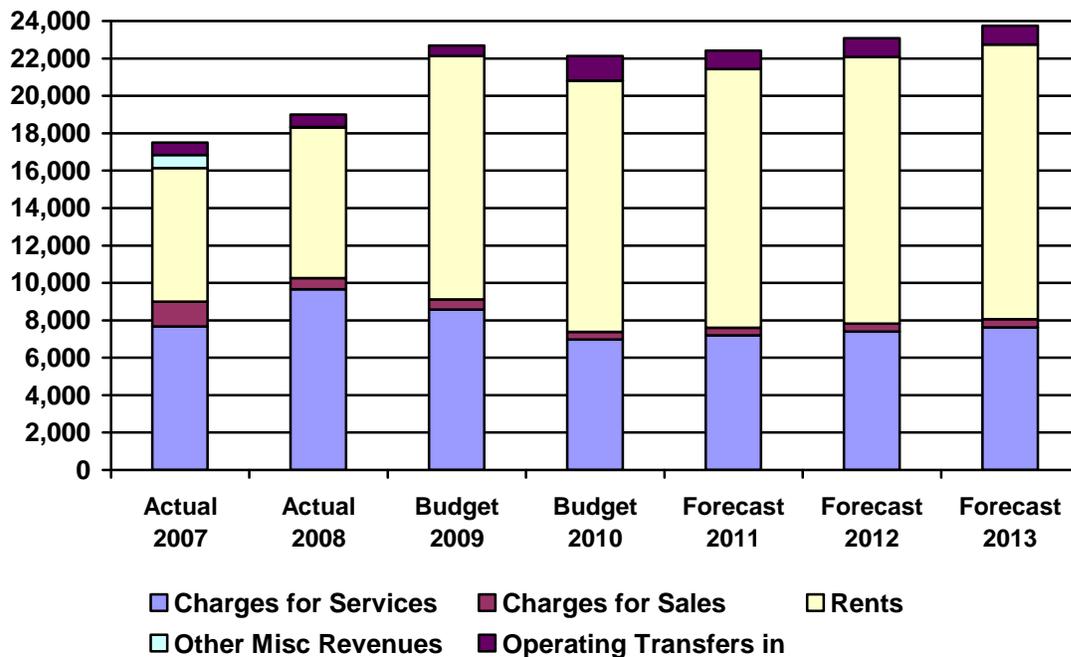
Background

The Property Services Fund accounts for the physical management and maintenance of fire stations, police precinct buildings, the Public Service Center, parking ramps, and various other office locations. It also accounts for the coordination and management of special property projects. Parking ramp maintenance and the radio shop operations were added to this fund in 2002. In 2004, the property services division assumed the responsibility for space and asset management and security management. In 2005, the property services division began providing maintenance for Community Planning and Economic Development department and in 2007 provided energy management for City properties.

Historical Financial Performance

The proposed building rental rates are based on a three-year actual expenditure average adjusted for inflation. Since 1999, rates to City departments have been allowed to increase annually in order to fully fund the direct and indirect costs in the property services fund. The 2008 year-end cash balance is \$652,000. Revenues are expected to closely match expenditures in 2009.

Property Services Revenues
(in thousands of dollars)



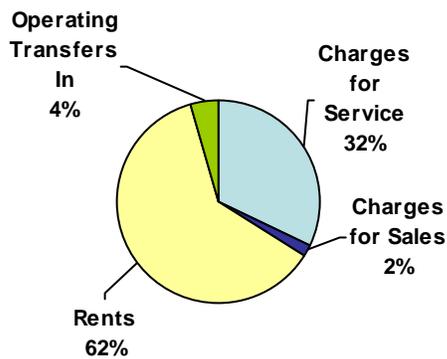
2010 Budget

Revenues

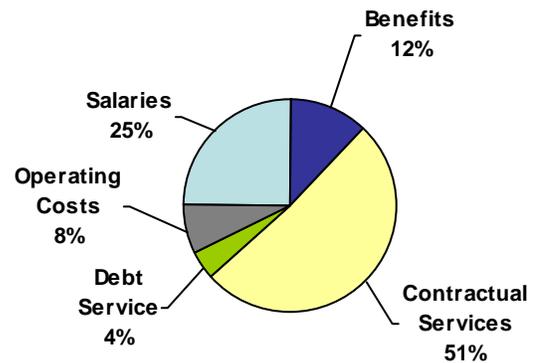
The 2010 revenue budget for this fund is \$22.1 million, or a decrease of 2.9% from 2009. The decrease in revenue from 2009 to 2010 is primarily related to an expected decline in the demand for additional services that this fund provides to City departments.

Revenue Assumptions (2010)	
Total Number of Buildings	121
Number of Managed Leases	3
Number of Radios	200

**Property Service Fund
Source of Funds
(\$22.1 million)**



**Property Service Fund
Use of Funds
(\$22.1 million)**



Expenditures

The 2010 expenditure budget is \$22.1 million, a decrease of 3.3% from 2009 budget of \$22.9 million. The decrease in expenditures from 2009 to 2010 is related to the anticipated decline in the demand for additional services provided by this fund to other City departments.

Transfers

The 2010 budget includes a transfer of \$118,000 to a pension fund debt service to cover the cost of debt related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability.

The fund receives a transfer of \$587,000 in 2010 from the general fund to cover the general fund's portion of the debt service related to the 800MHz emergency communications project. The property services fund is responsible for \$350,000 a year in debt service for the project, with the remainder transferred in from the General Fund.

Debt Service

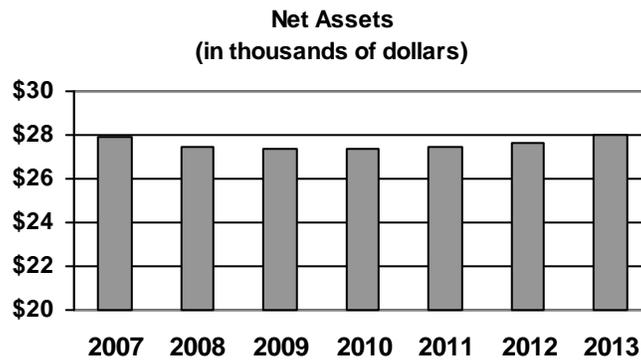
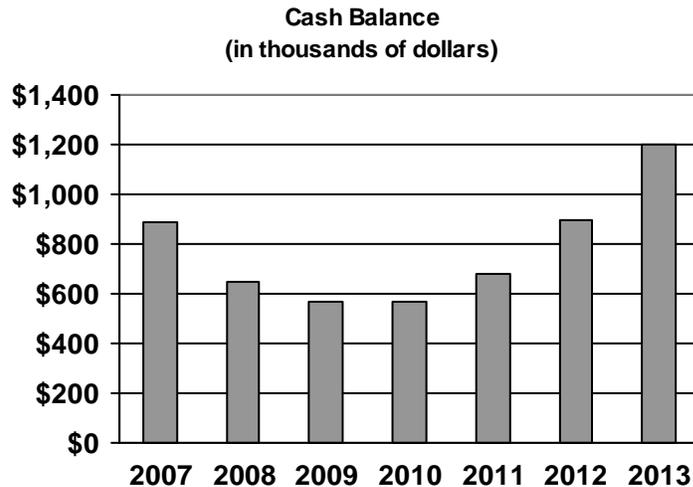
The radio shop, a division of the property services, has management responsibility for the \$14.0 million 800 MHz radio system. The property services fund recognizes the fixed assets, along with the debt related to this project. The radio shop is funding a portion of the City's public safety initiative through a contribution of \$350,000 a year.

The debt service for 800 MHz radio system is now funded as follows:

\$588,000	Transfer from the general fund
\$350,000	Property services portion of debt
<u>\$937,000</u>	Total debt service (Year 2010)

Net Assets

The property services fund had a positive net asset balance of \$27.4 million at year-end 2008. The fund does not recover the cost of depreciation of the buildings that are assets of the fund. Because this cost is not recovered, the fund balance will continue to decline even though the fund recovers its operating costs through a rate model.



Original Budget

The Mayor recommended and Council approved no changes to this fund.

The budget for this fund includes a reduction of BIS charges of \$15,500 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$3,676 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommends one-time resources for installation of wireless equipment in the city's vehicles to increase usage of the City's wireless contract (\$360,000).

Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousand of dollars)
Property Services Fund - 6200

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Changes for Services	7,663	9,654	8,580	7,500	6,980	(18.6%)	7,189	7,405	7,627
Charges for Sales	1,328	597	530	400	400	(24.5%)	412	424	437
Rents ¹	7,149	8,071	13,022	12,800	13,429	4.9%	13,832	14,247	14,674
Other Misc Revenues	704	8	3	20	3	0.0%	3	3	3
Operating Transfers In	653	668	655	655	1,326	102.4%	1,366	1,000	1,000
Proceeds of Long Term Liabilities	-	-	-	-	-		-	-	-
Total	17,497	18,997	22,790	21,375	22,138	(2.9%)	22,802	23,079	23,742
Use of Funds:									
Property Services Administration	400	661	880	700	1,217	38.3%	1,247	1,279	1,311
Radio Equipment	1,417	1,408	2,683	1,600	2,394	(10.8%)	2,454	2,515	2,578
Municipal Market	9	18	42	35	42	0.0%	43	44	45
Facilities Management	14,712	15,796	18,273	16,405	17,409	(4.7%)	17,844	18,290	18,748
Debt Service	972	968	897	897	938	4.6%	961	985	1,010
Transfer to MERF	69	88	97	97	118	21.6%	118	118	118
Total	17,579	18,940	22,872	19,734	22,118	(3.3%)	22,668	23,232	23,810
Change in Net Assets	(673)	(472)	(82)	1,641	-		134	(152)	(68)
Net Assets	27,908	27,436	27,354	28,995	27,354		27,488	27,336	27,268
Cash Balance¹	885	652	570	2,293	570		704	552	484

¹ Cash balance for 2007 and 2008 is the sum of the CAFR cash balance and the amount Due from Other Funds

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Self-Insurance Fund

Background

The Self-Insurance Fund is used to account for employee dental benefits, occupational health services, severance payments to employees who have retired or resigned and who meet minimum eligibility requirements, tort liability claims, workers' compensation claims and related administrative costs. The 2010 budget for expenditures for this fund is \$36.6 million, a 63.1% decrease from 2009 due to expenditures for employee medical and life insurance programs recorded directly to department funds rather than through the self insurance fund.

Historical Financial Performance

The net assets of the Self-Insurance Fund reflected a negative position of \$15.5 million at year-end 2008, improving \$27.7 million from the 2002 ending balance of a negative \$43.2 million. The majority of this negative balance is due to the required accounting recognition of liability for unpaid claims.

In 2003, the City Council adopted a financial plan for the Self-Insurance Fund to increase net assets and attain a positive cash balance by year-end 2006. The fund performed better than projected and reached a positive cash balance of \$1.8 million at year-end 2005 increasing cash by \$10.0 million from a negative \$8.2 million at year-end 2001. The fund has continued performing above expectations ending with a positive cash balance of \$18.8 million at year end 2008, an increase of \$7.8 million from the 2007 ending balance of \$11.0 million. The long-term financial plan projected a 2008 ending cash balance of \$16.7 million. The net asset balance at year end 2008 is a deficit of \$15.5 million representing an increase of \$10.9 million from the deficit balance of \$26.4 at year end 2007. The long-term financial plan projected a 2008 net asset balance of a deficit of \$20.3 million. The fund's 2008 net asset balance is \$4.9 million ahead of the plan's projection. The anticipated net income for 2009 is \$10.2 million. At year end 2008, the total bond debt of \$1.06 million was paid in full.

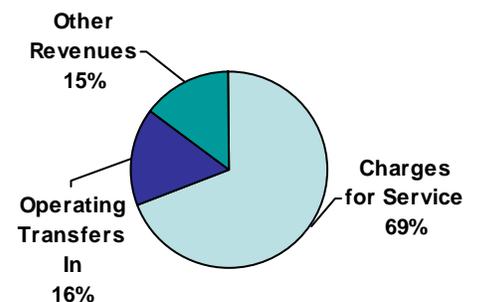
2010 Budget

Revenues/Expenditures

Beginning in August 2008, payments for medical and life insurance are processed directly from payroll to the vendors and do not flow through this fund as was previous practice. The City selected Medica as its health insurance provider for a three-year period beginning January 1, 2007. The Dental and Minneflex Program premiums are estimated and actual costs are expensed.

The Unused Sick Leave program provides a payout of unused sick leave to qualified employees at 50% pay. Payments are funded by 0.7% gross

**Self Insurance Fund
Source of Funds
(\$48.1 million)**

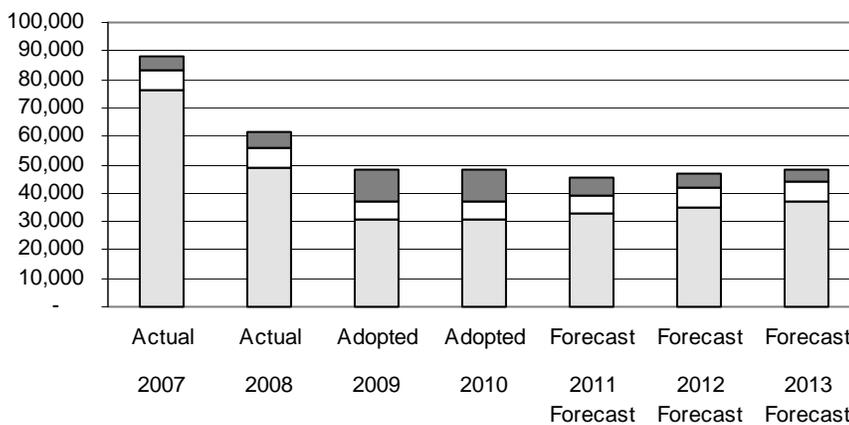


pay contributions from the City and Park Board into a severance pool. The rate for City police officers and firefighters is 1.1% of gross pay.

The Alternative Dispute Resolution (ADR) Program was established through funds collected through payroll deductions and direct payment as agreed in previous labor contracts. Occupational health actual expenses are billed to departments. The worker's compensation payments are estimated at \$6.3 million for 2010. This is a 6.0% increase over the prior year's budgeted amount to bring the 2010 budget in line with a recent actuarial study. The same study predicted an increase in liability payments resulting in an increase of 2.0% to \$6.3 million in the 2010 liability budget.

For 2007, a rate model was implemented to recover costs associated with all programs in the fund. The rate model assigns costs to City departments based on a minimum of 5-year claims history for workers compensation and liability. The model was put in place to raise departmental awareness of Self-Insurance costs and increase their ability to control the cost of premiums in the future through loss prevention programs.

Self-Insurance Revenues
(in thousands of dollars)



□ Charges for Service □ Other Misc Revenues ■ Operating Transfers In

Debt Service

Given that all debt payments were satisfied in 2008, there is no debt service in 2010. The \$5.4 million in debt outstanding at year end of 2005 was reduced by a \$3.1 million payment in 2006 due to a Council action to apply excess general fund appropriations from 2005.

Original Budget

The Mayor recommended a reduction in the departments operating within the Self Insurance Fund of 2% (\$204,000). This decision impacts the following departments: Finance, City Attorney and Human Resources.

The Mayor also recommended accelerating the long-term financial plan transfer by \$3.5 million in 2010 to create capacity in future years.

The Council approved the Mayor's recommendations.

The budget for this fund includes a reduction of BIS charges to the departments within this fund (Attorney, Human Resources and Finance) of \$35,900 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$2,347 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommended no changes to this fund.

Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousands of dollars)

Self Insurance Fund - 6900

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Charges for Service ³	75,878	49,253	93,947	31,624	30,727	N/A	32,637	34,706	36,948
Interest	-	-	-	-	-		-	-	-
Other Misc Revenues	7,155	6,356	8,516	8,516	6,521	-23.4%	6,782	7,054	7,336
Operating Transfers In	4,750	5,643	6,915	6,915	10,810	56.3%	6,310	5,310	4,310
Total	87,783	61,252	109,378	47,055	48,059	-56.1%	45,730	47,069	48,594
Use of Funds:									
Debt Service	53	1,082	-	-	-		-	-	-
Transfers	97	131	145	145	140	-3.4%	150	150	150
Health and Welfare ³	58,700	33,201	77,657	15,716	13,925	-82.1%	15,596	17,467	19,564
Attorney	5,404	5,046	5,623	5,635	6,101	8.5%	6,284	6,472	6,666
Workers Compensation	6,349	7,424	5,932	5,932	6,290	6.0%	6,479	6,673	6,873
Liability	10,277	1,630	6,147	6,147	6,271	2.0%	6,459	6,653	6,852
Human Resources	1,116	1,092	1,372	1,374	1,401	2.1%	1,443	1,486	1,531
Finance Dept - Risk Mgmt	2,054	1,829	2,284	2,286	2,459	7.7%	2,533	2,609	2,687
Total	84,050	51,435	99,160	37,235	36,586	-63.1%	38,943	41,510	44,323
Change in Net Assets	3,732	10,877	10,218	9,820	11,472	12.3%	6,787	5,559	4,271
Net Assets	(26,370)	(15,493)	(5,275)	(5,673)	6,197	217.5%	12,984	18,543	22,814
Cash Balance¹	11,002	18,767	28,985	28,587	40,457	39.6%	47,244	52,803	57,074
Workout Plan Target Cash Balance²	2,645	16,678	23,412	23,412	30,663		37,317	42,986	47,670
Variance	8,357	2,089	5,573	5,175	9,794		9,927	9,817	9,404

¹The 2007 and 2008 cash balances include the total of the CAFR cash balance and the year-end balance in due from other funds.

²The cash projections for 2008 onward are based on the updated long-term financial plan for this fund, adopted by Council in 2008, which accelerated the target cash balance.

³ Beginning in August 2008, medical and life insurance charges do not flow through the Self Insurance Fund. The 2008 actuals and the 2009 Projection are adjusted for this decrease in revenue and expenditures related to medical insurance.