

ASSESSOR

Mission Statement:

The mission of the Minneapolis City Assessor's Office is to serve the taxpayers of the city by valuing and classifying real property in an accurate and equitable manner as prescribed by state law. The office also supports government funding, planning and information needs.

Primary Businesses:

Assessment – Perform the assessment function for all real estate and appropriate personal property.

- Valuation – Estimate the annual value of all taxable property and maintain property descriptions; review and/or defend values as necessary.
- Classification – Classify and process parcels and owners qualifying for homestead status, exempt status or special classifications.
- Internal Support – Support City initiatives, property tax programs, Minneapolis School District, and other City departments.

Key Trends and Challenges Impacting the Department:

The City Assessor's Office has identified the following significant trends and challenges that will impact its Office:

- Continual court cases due to a weak office market and a growing "industry" in the field of property tax appeals; the number of cases for payable 2004 did decline by 10% from payable 2003.
- Future retirement of experienced staff members.
- The phase-out of limited market value and other state law changes, shifting property tax burdens from commercial/industrial property to residential property.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

The City Assessor's Office has identified the following Key Initiatives that will be implemented in 2005:

- Expand use and improve functionality of Computer Assisted Mass Appraisal (CAMA) to include neighborhood commercial and industrial properties.
- Work with other City departments to improve the usefulness and accessibility of property related data to other departments and the public. Attempt to create practices shared across departments such as use codes, etc. Ensure that practices are maintained that preserve data in a current and accurate manner.
- Increase functionality of Assessor's public website.

Primary Business: Assessment of all real estate and appropriate personal property

Description of Primary Business: This business line includes estimating the annual valuation of all taxable property; maintaining property descriptions; classifying and processing parcels and owners qualifying for homestead status, exempt status or special classifications; responding to all formal owner/taxpayer valuation appeals and requests for property reviews; supporting City initiatives, property tax programs, Minneapolis School District, and other City departments; and verifying and maintaining records of property transfers.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Informal and formal appeals as a % of taxable parcels	+/- 1,800 or 1.6%	+/- 1,500 or 1.3%	+/- 2,000 or 1.6%	+/- 1,800 or 1.6%	+/- 2,200 or 2.0%
% of levy collected	98.445%	98.320%	98.571%	98.5%	98.7%
Residential Coefficient of Dispersion	est. 13%	est 12%	est 12%	11.3%	11.5%
Change due to appeals	est. 1.3%	est 1.5%	est. 1.3%	est. 1.3%	est. 1.2%
Dollar change from market forces / new construction	2,210mm/190mm	3,266mm/514mm	2,122mm/537mm	2,309mm/335mm	2424mm/241mm
Average Assmt / Sale Ratio	87.5%	87.6%	89.5%	89.7%	90.0%
Percent of parcels inspected	26.2%	25.7%	25.5%	21%	20%
Number of equalization changes	est. 30,000	est. 29,000	est. 29,000	22,500	22,000
Value change on appeals	est. 2%	est. 2%	est. 2%	2%	2%
Appeals upheld by Boards	est. 80%	est. 80%	est. 80%	86%	85%
Informal appeals resolved	est. 70%	est. 70%	est. 70%	75%	75%
State/County deadlines met	100%	100%	100%	100%	100%
Change orders to County	est. 2.5%	est. 2.5%	est. 2.2%	2.2%	2.0%
Reviews started in 5 days	est. 85%	est. 90%	est. 90%	93%	95%
Significant Exempt Changes	Stable	Stable	Stable	Some reduction	Stable
Transfers entered in 5 days	est. 70%	est. 75%	est. 80%	85%	90%
Number of exempt reviews	est. 100	est. 100	est. 100	1800	100
Accuracy by random sample	n/a	n/a	est. 98%	98%	98%
Enterprise projects	MPRA Board, various comm.	MPRA Board, various comm.	MPRA Board, various comm.	MPRA Board, Dev. Work Flow Comm.	as requested
Number of transfers posted	est. 7500	est. 8000	est. 8000	8000	8000

Explanation of Key Performance Measures: Some of the data presented are estimates. There are statistical measures to test the level of uniformity in the assessment. These measures are reviewed continually. They indicate that residential property is relatively uniformly assessed but neighborhood commercial property needs additional efforts by the office.

Some law changes have eased some of the work load on the office such as the "sun setting" of the This Old House program. This has been offset by the increase in Tax Court appeals from payable 2000 through payable 2003.

Financial Analysis:

EXPENDITURE

The Assessor budget increases from \$2.78 million in 2004 to \$3.1 million in 2005, a \$324,000 or 11.7% increase.

The budget for this department includes \$279,000 in BIS charges calculated on a city-wide rate model and \$5,900 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Assessor's budget is \$2.8 million, a 1% increase over the 2004 Adopted budget.

In 2005, the total number of positions is 34.5, the same level as 2004.

REVENUE

Revenue in 2005 is projected to increase slightly from \$131,000 to \$134,000. The bulk of these revenues are from payment in lieu of taxes (PILOT) paid by nonprofit nursing homes through agreements in the Community Planning and Economic Development (CPED) department's work.

FUND ALLOCATION

One hundred percent of the Assessor's budget comes out of the General Fund.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

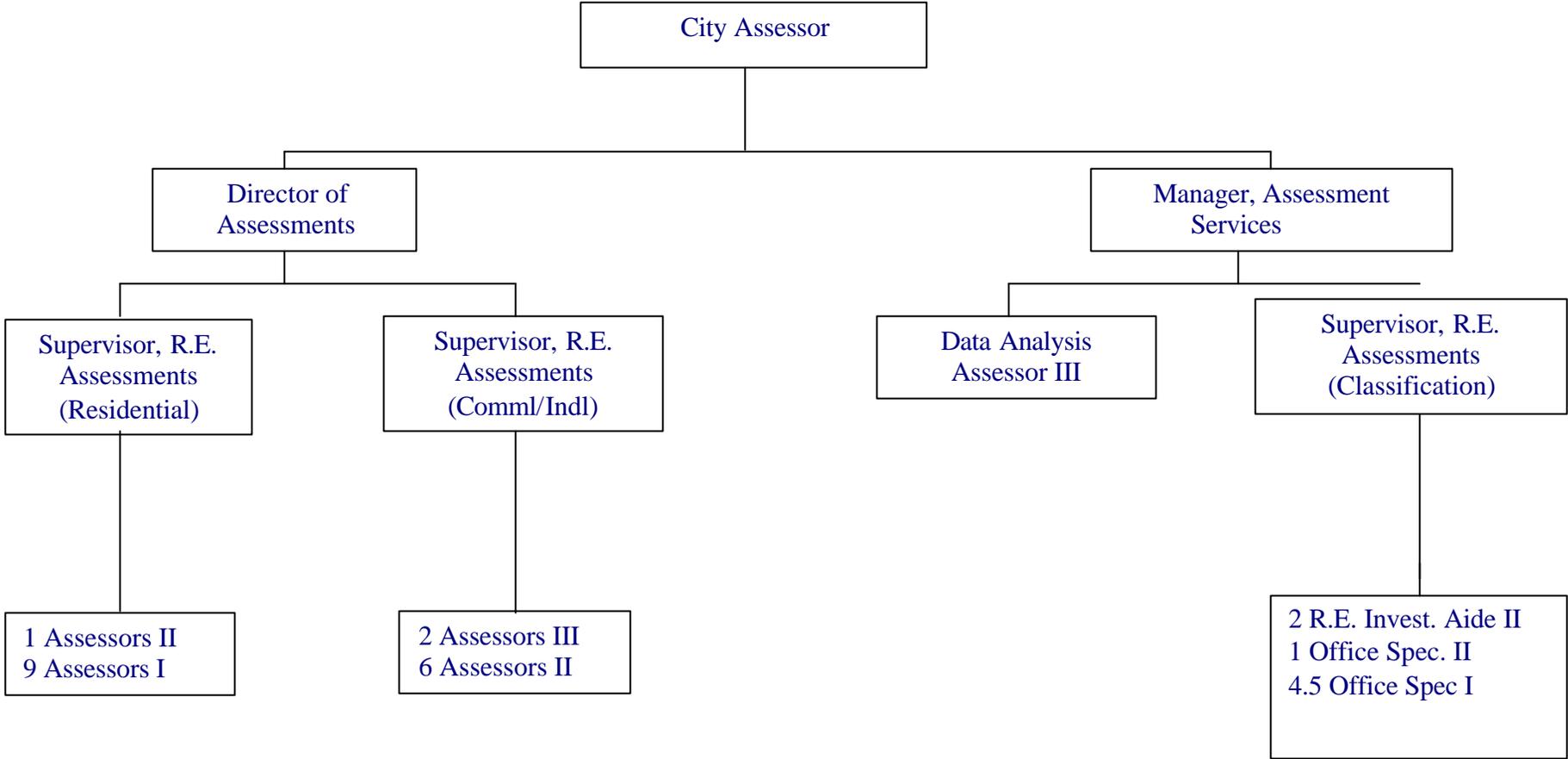
**ASSESSOR
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	35.50	35.50	34.50	34.50	0.00%	-

Target Strategies:

No target strategies were requested for this department.

ORGANIZATIONAL CHART
MINNEAPOLIS DEPARTMENT OF ASSESSOR
As of 6-1-2003



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(jsrinfo\org chart 1100)

**ASSESSOR
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Capital Outlay	25,455	0	517	524	1.4%	7
Contractual Services	308,712	277,092	211,979	486,921	129.7%	274,942
Equipment	0	0	1,033	1,047	1.4%	14
Fringe Benefits	398,490	423,956	515,544	559,333	8.5%	43,789
Operating Costs	151,671	138,751	152,937	156,712	2.5%	3,775
Salaries and Wages	1,741,847	1,744,022	1,894,604	1,896,525	0.1%	1,921
Total for General Fund - City	2,626,175	2,583,821	2,776,614	3,101,062	11.7%	324,448
Special Revenue Funds						
Contractual Services	0	0	0	0		0
Salaries and Wages	0	0	0	0		0
Total for Special Revenue Funds	0	0	0	0		0
Total for ASSESSOR	2,626,175	2,583,821	2,776,614	3,101,062	11.7%	324,448

ASSESSOR
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	196	118	0	0	0.0%	0
Charges for Service	4,374	1,472	1,000	1,000	0.0%	0
Interest	0	133	0	0	0.0%	0
Other Misc Revenues	395	21	0	0	0.0%	0
Property Taxes	131,722	161,942	130,000	133,000	2.3%	3,000
<i>Total for General Fund - City</i>	136,687	163,686	131,000	134,000	2.3%	3,000
Total for ASSESSOR	136,687	163,686	131,000	134,000	2.3%	3,000

CITY ATTORNEY

Mission Statement:

The mission of the City Attorney's Office (CAO) is to do justice, hold offenders accountable, enhance the public's sense of safety in their communities, and to deliver high quality, cost effective legal services that are responsive to the City's adopted policies, goals, and objectives.

Primary Businesses:

- Do justice, hold offenders accountable, and enhance the public's sense of safety in their communities.
- Deliver high quality, cost effective legal services that are responsive to the City's adopted policies, goals, and objectives.

Key Trends and Challenges Impacting the Department:

TRENDS IN PUBLIC SAFETY

The City Attorney's Office continues to enhance public safety through its three-prong strategy: (1) aggressive prosecution of livability crime; (2) proactive involvement in improving the criminal justice system; and (3) active collaboration with neighborhoods on community justice. The number of criminal cases prosecuted each year is declining. Criminal Division caseload for CY2003 was 35,393. In contrast, the Office handled 43,981 cases in CY2002, 44,970 cases in CY2001; 51,808 cases in CY2000, 55,027 cases in CY1999 and 63,887 cases in CY1998.

TRENDS IN CIVIL LEGAL SERVICES

The Civil Division CY2004 projected caseload is 869, a significant increase from 724 in CY2003 and 683 in CY2002. The increase is cause for concern, especially in light of the City's five-year financial plan. As the City Attorney's Office civil caseload increases, the ability of the Office to deliver timely non-litigation services may be impaired given the resources allocated to the Civil Division in the five-year financial plan.

SIGNIFICANT CHALLENGES

The following highlights the four major challenges facing the City Attorney's Office in 2004-2008:

1. Purchasing and Installing Effective Technological Systems in the Office

The Criminal Division's prosecution case management system is inadequate. Because the Division prosecutes a high volume of cases, the lack of an effective system impairs the Division's ability to effectively manage the caseload and the human resources in the Division. Further, the community expects access to information about active cases. Citizen access to this information is important for individual feelings of safety and for the public to have confidence in its criminal justice system. A fully functioning case management system that produces accessible information should result in our citizens being more willing to report crime, testify as witnesses, and be more active in their neighborhoods. Finally, without an adequate prosecution case management system, the City will not be able to connect to CriMNet, the state-wide integrated criminal justice system that is currently being developed and phased into criminal justice agencies and the Minnesota Court Information System (MNCIS).

2. Dedicating Stable Sources of Funding to Support Adequate Staffing in the Criminal Division

Since 1997, federal Local Law Enforcement Block grants (LLEBG) have been used to fund a number of positions in the Office's Criminal Division so that the Office could aggressively prosecute livability offenses in the City. Although the City has appropriately capitalized on the availability of federal grant

dollars to fund Criminal Division positions, federal block grant dollars are not a reliable long term source of funding and have been declining. The formula for awarding federal LLEBG grant dollars is based on the Part 1 crime rate, which has decreased in recent years. Accordingly, the amount the City receives through the federal grant also has decreased. Historically, there were 6 positions in the Criminal Division funded through federal LLEBG dollars. Effective October 1, 2004, the federal LLEBG allocation was reduced significantly and currently funds only 2 positions.

3. Implementing Cost Effective Ways to Meet our Obligations to Victims of Crime

For many years, the City Attorney's Office has provided crime victim/witness liaison services, including those services required by the Minnesota Victim's Rights Law. In recent years, the City has contracted with the Council on Crime and Justice (CCJ) to provide these services. Before the contract was awarded to the CCJ in 2001, the City Attorney's Office, with the assistance of the Human Resources Department and the Finance Department, conducted an extensive analysis of the alternatives for delivering these services. This analysis concluded that it was less expensive for an outside vendor to deliver the same level of services than if the services were provided by City employees. Accordingly, the City entered into a new contract with CCJ which is in effect from January 1, 2002 through December 31, 2004. The three-year cost to the City under this contract is \$862,604. This represents an increase of \$178,692 - a 26% increase over the earlier three-year contract which had a total cost of \$683,912.

4. Redesigning the Managerial and Supervisory Structure to Address "Span of Control" Problem

Effective organizational management dictates that each manager and supervisor have a reasonable number of direct reports to supervise. This principle is referred to as "span of control". Organizational management experts suggest that the effective "span of control" ranges for direct reports are from 5 to 12. In determining the appropriate number, factors that are considered include whether the work being performed is routine or complex, the qualifications and experience of the staff, and the motivations of the employees. The "span of control" for the support positions in the Office is adequate; the "span of control" for supervision of the Office's attorneys is inadequate. Based on the recommendations of a year-long workforce planning analysis, the Office, the Human Resources Department, and Century College collaborated to develop a "Team Leader Development Program" that will be completed before the end of 2004. The curriculum includes 12 workshops focusing on five goals:

- a. Understanding organizational alignment within the City of Minneapolis;
- b. Acquiring practical tools and techniques to turn potential conflict to positive teamwork;
- c. Knowledge of the nature of the team's work and its capabilities;
- d. Growth of individual's abilities to know, understand and apply standards for work quality;
- e. Team leaders leading team members to work produce work assignments in a timely, efficient and effective manner.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

1. Litigate and contain the City's liability exposure by defending claims and lawsuits that result from the City's risk generating activities.
2. Minimize the City's liability by analyzing the Minneapolis Police Department's (MPD) key liability indicators from previous years, design a training curriculum to address the MPD's response to requests for services, and train identified MPD sworn and civilian personnel at scheduled in-service classes and at precinct roll calls.
3. Provide legal advice on the revision of the City Charter.
4. Support the City's elected officials and departments by providing high quality legal advice.
5. Support the work of the independent boards and commissions by providing high quality, cost effective written advice and legal services.

6. Assist the Ethical Practices Board in developing Board procedures and rules and implementing the City's new ethics ordinance.
7. Prosecute chronic offenders identified by the Minneapolis Police Department (MPD) and the City Attorney's Office by seeking significant jail time or other appropriate sanctions.
8. Enhance the Office's prosecution of perpetrators of domestic violence.
9. Design, acquire, install and implement a new prosecution case management system.
10. Continue nuisance night hearing pilot program for certain livability offenses committed in 1st precinct.
11. Continue collaboration with the Hennepin County District Court to operate a Mental Health Court that includes a strong focus on the impact of mental health issues on livability crime.
12. Continue the Community Attorney assignments in the First, Third and Fourth Police precincts and expand program to the Second and Fifth precincts.
13. Collaborate with the City's neighborhood restorative justice programs to address livability concerns.

OTHER MODELS OF PROVIDING SERVICES

1. Purchase insurance for civil liability matters.
2. Assess actual costs of defending civil litigation against the responsible department, including any judgments, attorney's fees and costs.
3. Charge non-departmental City functions for the actual costs of civil legal services.
4. Provide only victim/witness services required by State law.
5. Perform grant funded activities only to the extent of grant funding.
6. Increase offenses on the "payables list."

Primary Business: Deliver high quality, cost effective legal services that are responsive to the City's adopted policies, goals, and objectives

Description of Primary Business: The City Attorney's Office provides proactive legal advice and training to the Office's primary clients, the Mayor and City Council, to the City departments and independent boards and commissions and their staffs.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Total liability payouts resulting from the City's risk generating activities	\$2,891,079	\$1,977,733	\$10,292,339 (Seigel, et al = \$8,250,752) \$2,041,587	\$3,250,000	\$2,125,000
Number of adverse matters open at year's end	697	683	624	869	912
Number of adverse matters closed during year	390	453	493	666	699
Increase by 5% number of adverse matters closed during year	47%	16%	8%	35%	5%
Develop training plan and curriculum and deliver training to MPD sworn and civilian personnel	3,187	518	835	806	846
Number of new assignments (non-litigation) opened during the year	1,265	945	908	1,171	1,272
Number of assignments (non-litigation) closed during year	1,153	1,153	878	1,120	1,176
Increase by 5% number of new assignments (non-litigation) closed during year	13%	0%	-24%	28%	5%
Percentage of City Council and committee meetings staffed	100%	100%	100%	100%	100%
Number of new assignments opened during the year for City's boards and commissions	117	156	170	108	113
Number of new assignments closed during the year for City's boards and commissions	109	151	157	192	201
Increase by 5% number of new assignments closed during the year for City's boards & commission	17%	39.5%	4%	35%	5%

Explanation of Key Performance Measures: The 5% standards are new performance measures for 2004-2008. They were added during the business planning process. The data for 2001-2003 were derived by applying the new performance measure.

Primary Business: Do justice, hold offenders accountable, and enhance the public's sense of safety in their communities

Description of Primary Business: The City Attorney's Office continues to enhance public safety through three service activity strategies:

- (1) Aggressively prosecute livability crimes that occur in the City of Minneapolis;
- (2) Continue proactive involvement in improving the criminal justice system;
- (3) Actively collaborate with neighborhoods on community justice.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Percentage of chronic offenders identified by the Police Department and the City Attorney's Office that were prosecuted	100%	100%	100%	100%	100%
Percentage of chronic offenders who did not reoffend within 12 months	58%	58%	11%	66%	66%
Percentage of domestic violence cases resulting in a conviction	50%	53%	47.5%	50%	52%
Number of traffic cases sent to court from Violations Bureau	6,362	6,724	8,973	13,196	12,000
Maintain active involvement with the Criminal Justice Coordinating Committee	Attended all CJCC meetings; work related to CriMNet planning	Attended all CJCC meetings; worked on CriMNet implementation	Attended all CJCC meetings; continued work on CriMNet implementation; MNCIS	Attended all CJCC meetings; continued work on CriMNet implementation; MNCIS	Attended all CJCC meetings; continued work on CriMNet implementation; MNCIS
Participate in partnerships to improve the criminal justice system	Continued prescreening of all cases; continued participation in the "Minneapolis Impact Calendar" and Community Court and the Domestic Violence Court	Continued prescreening of all cases; continued participation in the "Minneapolis Impact Calendar" and Community Court, Domestic Violence Court, and the Mental Health Court	Continued prescreening of all cases; continued participation in the "Minneapolis Impact Calendar" and Comm. Court, Domestic Violence Court, Mental Health Court. Worked on a Livability Crimes Court	Continued prescreening of all cases; continued participation in the "Minneapolis Impact Calendar" and Comm. Court, Domestic Violence Court, Mental Health Court. Worked on a Livability Crimes Court	Continued prescreening of all cases; continued participation in the "Minneapolis Impact Calendar" and Comm. Court, Domestic Violence Court, Mental Health Court. Worked on a Livability Crimes Court
Number of cases referred to Central City Neighborhoods Partnership (CCNP) Restorative Justice Program	132	79	176	193	212
Number of cases referred to Midtown Restorative Justice Program	99	122	105	116	127
Increase by 10% expansion of neighborhood cases referred to restorative justice programs	47%	-30%	-13%	10%	10%
Number of community meetings attended by Community Attorneys	-	320	506	590	840
Number of individuals trained by Community Attorneys	-	320	1,126	1,827	2,741
Increase by 10% assistance to community in preparing community impact statements on cases of interest to the community	-	-	-	350	595

Financial Analysis:

EXPENDITURE

The City Attorney 2005 budget is 7% or \$762,000 higher than the 2004 Adopted Budget across all funds. Most of the increase is attributable to personnel costs, mainly healthcare, which was budgeted to increase by 19%.

The budget for this department includes \$553,000 in BIS charges calculated on a city-wide rate model and \$16,800 for benefits administration. These charges have been centrally budgeted in the past. Backing out these charges, the 2005 City Attorney's budget is \$10.5 million, a 1.9% increase over the 2004 Adopted Budget.

REVENUE

The City Attorney's revenue budget reflects an increase in state grant funding. Federal Grant Funding (LLBEG) is expected to decrease in 2005.

FUND ALLOCATION

The main funding sources for the City Attorney's Office are the General Fund (51%) and the Self-Insurance Fund (45%). The remaining 4% of funding is derived from the Federal Grants Fund and Other Grants Fund. The 2005 General Fund budget for the Attorney's office increases by 12% and the Self-Insurance Fund Budget increases by 4.5%.

MAYOR'S RECOMMENDED BUDGET

In the Criminal Division, the Mayor recommended a reduction of 2.13 positions as a result of reduced Local Law Enforcement Block Grant (LLEBG) funds and a 0.5 position reduction for the Hennepin County Attorney's office (Byrne grant). The Mayor recommended the addition of 2 Assistant Attorney positions and 1.5 positions funded through a Community Prosecution Grant. The Mayor reduced the department's budget by \$208,000 to keep it in line with the five-year financial direction. In the Civil Division, a reduction of 1 position is made in the Self-insurance fund. Added to the City Attorney's budget are operating costs of \$12,000 from the General Fund for the Ethical Practices Board. The Mayor also recommended reclassification of 2 Attorney positions to Paralegal positions. Further it was recommended that a temporary attorney position be continued through December 31, 2006 to perform legal duties in place of the attorney assigned to the Central Library.

ADOPTED BUDGET

The Council Adopted the Mayor's Recommendations and a one-time increase in the Attorney's budget by \$75,000 for alternative violence prevention strategies.

ATTORNEY Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	% Change
FTE's by Division						
Criminal	63.83	60.96	57.63	58.50	1.51%	0.87
Civil	47.67	49.67	43.50	42.50	0.00%	-
Total FTE's	111.50	110.63	101.13	101.00	-0.13%	(0.13)

City Attorney

**Deputy City Attorney
Civil**

**Manager
Administration**

**Deputy City Attorney
Criminal**

Central Library
Project

Litigation
Team Leader

Client Services
Team Leader

Domestic Assault
Team Leader

Special Prosecutions
Team Leader

Charging/Screening
Team Leader

Trial Team A
Team Leader

Trial Team B
Team Leader

Risk Mgmt.

Public Safety

Regulatory Svcs/
Code Compl. Unit

CPED

Contracts/Opinions

Human
Resources

Environmental/
Transportation

**ATTORNEY
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	771,064	767,736	918,727	1,128,362	22.8%	209,635
Fringe Benefits	591,755	582,745	736,972	854,760	16.0%	117,788
Operating Costs	182,210	182,401	190,115	193,832	2.0%	3,717
Salaries and Wages	2,830,781	2,726,771	3,167,072	3,425,528	8.2%	258,456
Total for General Fund - City	4,375,810	4,259,653	5,012,886	5,602,482	11.8%	589,596
Internal Service Funds						
Contractual Services	599,296	490,493	750,746	731,034	-2.6%	-19,712
Fringe Benefits	626,772	682,236	716,833	856,372	19.5%	139,539
Operating Costs	165,223	158,802	55,208	142,315	157.8%	87,107
Salaries and Wages	2,873,578	2,937,295	3,250,624	3,256,643	0.2%	6,019
Total for Internal Service Funds	4,264,869	4,268,826	4,773,411	4,986,364	4.5%	212,953
Special Revenue Funds						
Contractual Services	29,203	6,000	0	0		0
Fringe Benefits	87,291	61,898	105,719	118,065	11.7%	12,346
Operating Costs	13,495	1,404	0	0		0
Salaries and Wages	428,620	264,279	390,481	337,458	-13.6%	-53,023
Total for Special Revenue Funds	558,609	333,581	496,200	455,523	-8.2%	-40,677
Total for ATTORNEY	9,199,287	8,862,060	10,282,497	11,044,369	7.4%	761,872

ATTORNEY
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	0	0	0	0	0.0%	0
Charges for Service	15,163	20,215	17,000	17,000	0.0%	0
Other Misc Revenues	131	0	91,000	91,000	0.0%	0
Total for General Fund - City	15,293	20,215	108,000	108,000	0.0%	0
Internal Service Funds						
Charges for Service	282,162	285,799	297,278	297,278	0.0%	0
Other Misc Revenues	3,984	12,429	3,000	3,000	0.0%	0
Total for Internal Service Funds	286,146	298,228	300,278	300,278	0.0%	0
Special Revenue Funds						
Federal Government	94,950	-11,091	496,200	436,769	-12.0%	-59,431
Local Government	32,968	0	0	0	0.0%	0
State Government	-34,918	0	0	30,000	0.0%	30,000
Total for Special Revenue Funds	93,000	-11,091	496,200	466,769	-5.9%	-29,431
Total for ATTORNEY	394,439	307,352	904,478	875,047	-3.3%	-29,431

CITY CLERK

Mission Statement:

The City Clerk Department exists to coordinate and maintain high quality, cost-effective information for Council Members, City staff and the public, so that effective and responsible decisions can be made to govern the city. We conduct elections that facilitate the maximum participation of all eligible voters in the City of Minneapolis.

Primary Businesses:

- Information Management
- Council Administration
- Printing and Mailing Services for City Departments
- Elections, Voter Registration and Passports

Key Trends and Challenges Impacting the Department:

1. Enterprise Information Management (EIM): The evolution of new systems to support City business processes has changed the way information is created and managed internally. The City needs to develop and implement policies, procedures and tools to provide the necessary foundation and framework by which electronic systems and records will be created, accessed and managed.
2. Citizen Access to Information and External strategies to increase citizen participation: The City Clerk Department will continue efforts to provide fast, accurate and easily accessible, quality information to the public concerning Council issues and actions. With enterprise enhancements to e-government, the Department will continue to develop additional automated tools to provide cost effective, efficient access to information.
3. New Election Requirements due to the 2002 Federal Help America Vote Act (HAVA): The City Clerk Department Elections Office has been actively involved in interpreting the impact of this new federal law that was passed in response to voting problems during the 2000 presidential elections in many states, but fortunately not Minnesota. The full impact of this federal legislation remains to be seen, however, election officials statewide are working to fully implement this legislation to continue to facilitate this fundamental right.
4. Technology: The Department faces technological challenges with custom database applications used throughout the department and with imaging systems.
5. Resources: The City Clerk Department has seen a significant reduction in staff over the past several years, yet the department has made a strong commitment to support the City Council and citizens, particularly as it relates to access to information. The reduction in resources presents a number of challenges across the City.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

ENTERPRISE INFORMATION MANAGEMENT (EIM) INITIATIVE

City business that was once conducted manually is now being conducted electronically. The information required to support and document City business processes and transactions has changed. Paper-based records systems are now computerized. These systems manage information in more complex and diverse electronic data structures. New and ever increasing regulations and accountability requirements being issued by federal and state government compound the problems

caused by trying to effectively manage the City's electronic business transactions. All of these changes create new complexities in how the City creates and manages its information.

The EIM program is designed to create a standardized governance framework of policies, procedures and application tools for the life cycle management of electronic information resources across the enterprise. This program is jointly shared between the City Clerk Department and Business Information Services (BIS) and governed by a Policy Board that includes the City Coordinator, City Attorney, Chief Information Officer and the City Clerk.

OTHER INITIATIVES

The City Clerk Department has identified the following strategies to respond to challenges and realize opportunities over the next five years:

1. Information Management: Reorganize to support EIM initiative
2. Citizen Access to Information: External strategies to increase citizen participation
3. Document Imaging and Metadata Services: Centralized Imaging Services
4. Council Administration and Support: Coordinate move toward independent ward administration
5. Printing and Mailing Services: Identify other methods of providing service
6. Elections, Voter Registration and Passports: Respond to legislative changes and create efficiencies

Primary Business: Information Management

Description of Primary Business:

1. Coordinate Council committee activities
 - Provide administrative services to City Council standing committees and special committees, Executive committee, Charter Commission, Committee of the Whole and City Council meetings to insure that all proceedings follow legal requirements and are accurately recorded
 - Schedule Council committee meetings
 - Collect information from all city departments for committee action
 - Prepare and distribute paper and electronic agendas and packets
 - Record and transcribe minutes of committee meetings, write referrals and committee reports
 - Review all committee actions to ensure accuracy
 - Petition correspondence for the permanent record
 - Prepare Council actions for publication in Finance and Commerce and on the City Web site
 - Respond to requests for information from city staff and the public
 - Update department procedures relating to Council process
 - Train city staff about council policies and procedures
 - Provide verbatim transcriptions services for administrative law judges
2. Guide the City's management of electronic and paper records
 - Provide uniform and consistent guidance for the management of all City records including existing paper, and electronic records and records created from evolving technologies such as e-mail, Web postings, GIS and electronic commerce
 - Maintain and manage inactive records held in the City Records Center and the collection of historical records held in the City Archives
 - Research and communicate the statutory, legal and regulatory requirements governing electronic record keeping
 - Oversee data practices mandates that govern public access and privacy protection
 - Provide retention guidance to departments in the scheduling of electronic and paper records
 - Manage Enterprise Information Management (EIM) standards and practices for all city departments, consistent with other local, state and national jurisdictions

3. Provide public access to Council information

- Manage the codification process for the Code and Charter
- Maintain City Council Official Proceedings as the permanent record for the City
- Publish Council actions in Finance and Commerce and on the Web, and maintain official publication records
- Provide certified copies of Council actions.
- Provide information on past and current Council actions and Council activities and ordinances
- Proofread all Council actions to ensure accuracy
- Catalog Council proceedings and associated documents; index official proceedings and compile, bind and distribute to departments and libraries
- Provide individual technology support to Clerk and Council staff, including Web services and manage the department's technology systems
- Provide document imaging services

4. Provide public access to information about City services and coordinate citizen participation through City boards and commissions

- Coordinate Domestic Partner registration, Encroachments, Street and Alley Vacations, Board of Equalization and Council Permits
- Administer Oaths of Office and provide Notary services
- Coordinate the Open Appointment process for city boards and commissions

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% Response to current and historical inquiries fulfilled within statutorily defined timeframes	no data	100%	100%	100%	100%
% Council proceedings proofread, indexed and published to the Web within five working days	100%	100%	100%	100%	100%

Primary Business: Council Administration

Description of Primary Business: Provide administrative support services for the City Clerk and Council Offices including budget and purchasing management, technology support, human resource assistance, and facilities management.

- Manage budgets for the Council and City Clerk Department through preparation and oversight, interdepartmental transfer of funds, expense reimbursement, purchasing, invoice paying, contract management and inventory control
- Coordinate human resources through hiring, orientation, training, performance review, coordinating temporary help and payroll
- Manage facilities for the Council and City Clerk Department
- Serve as a liaison between the Council and BIS to provide technological services to Council Members and staff
- Develop policies and procedures

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% of workforce: people of color	12%	21.3%	15%	15%	15%
% of workforce: female	73.5%	74.5%	72.5%	72.5%	72.5%

Primary Business: Copy Center and Mail Center

Description of Primary Business: Provide mail service and high quality, low cost copying and duplicating services to all departments located in City Hall and the downtown area.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% of orders completed within customer time frame meeting quality expectations	98%	98%	98%	98%	

Explanation of Key Performance Measures: Discussions are in progress to possibly turn these functions over to the County in 2005.

Primary Business: Elections, Voter Registration and Passports

Description of Primary Business: Administer election process for up to 250,000 registered voters at 131 voting precincts; Serve as a Passport Acceptance Agency for the federal government.

- Conduct well-organized and accurate elections that facilitate the maximum participation of all Minneapolis residents eligible to vote
- Ensure that all elections are in compliance with Federal, State and City election laws
- Supply voter registration cards and election information to the public
- Coordinate and conduct election activities by preparing equipment, ballots, obtaining and staffing polling places, and organizing support staff and materials
- Administer the absentee voting process
- Administer candidate filing process
- Recruit, test, hire, assign, train, evaluate and pay election judges
- Conduct required testing of ballots and equipment
- Publish required election notices and results
- Provide election results and precinct detail of elections
- Administer the filing requirements of the City's Ethics Ordinance and State Statutes for local government officials
- Process applications for federal passports
- Take passport photos

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Average cost per ballot cast per type of election (combined primary/general)	\$6.08	\$5.27	na	\$6.22	\$5.95
% of precincts reporting results within 30 minutes of polls closing	85%	90%	na	90%	90%
Satisfaction of voting experience - number of sustained complaints of election practices not meeting statutory requirements	not available	not available	na		
Percent of absentee ballot requests processed within 24 hours	100%	100%	na	100%	100%

Explanation of Key Performance Measures: Measuring voter satisfaction is a new performance measure for the Elections Office. A new state statute will allow for a method of tracking complaints based on new Federal requirements for the Help America Vote Act.

Financial Analysis:

EXPENDITURE

Effective beginning in 2005, the Office of the City Clerk and Elections & Registrations budget reflects the Election Judges salaries as a contractual expenditure rather than positions. Only permanent positions will now be accounted for in Elections and Registration; prior position counts were included as election judge positions.

The budget for this department includes \$161,500 in BIS charges calculated on a city-wide rate model and \$7,800 for benefits administration. Both were centrally budgeted in the past. Backing out these charges, the 2005 Office of the City Clerk & Election's budget is \$3.2 million, a 1.4% increase over the 2004 Adopted Budget.

REVENUE

Internal Service Fund revenue in the City's Print Shop and Copy Center operations is equally offset by operations expenses, as planned in the Intergovernmental Services workout plan.

FUND ALLOCATION

The Office of the City Clerk's budget is funded primarily in the General Fund (54%), while Print Shop and Copy Center operations are internal service fund activities (46%). The Elections & Registration's division expense budget of \$964,000 is funded 100% from the General Fund.

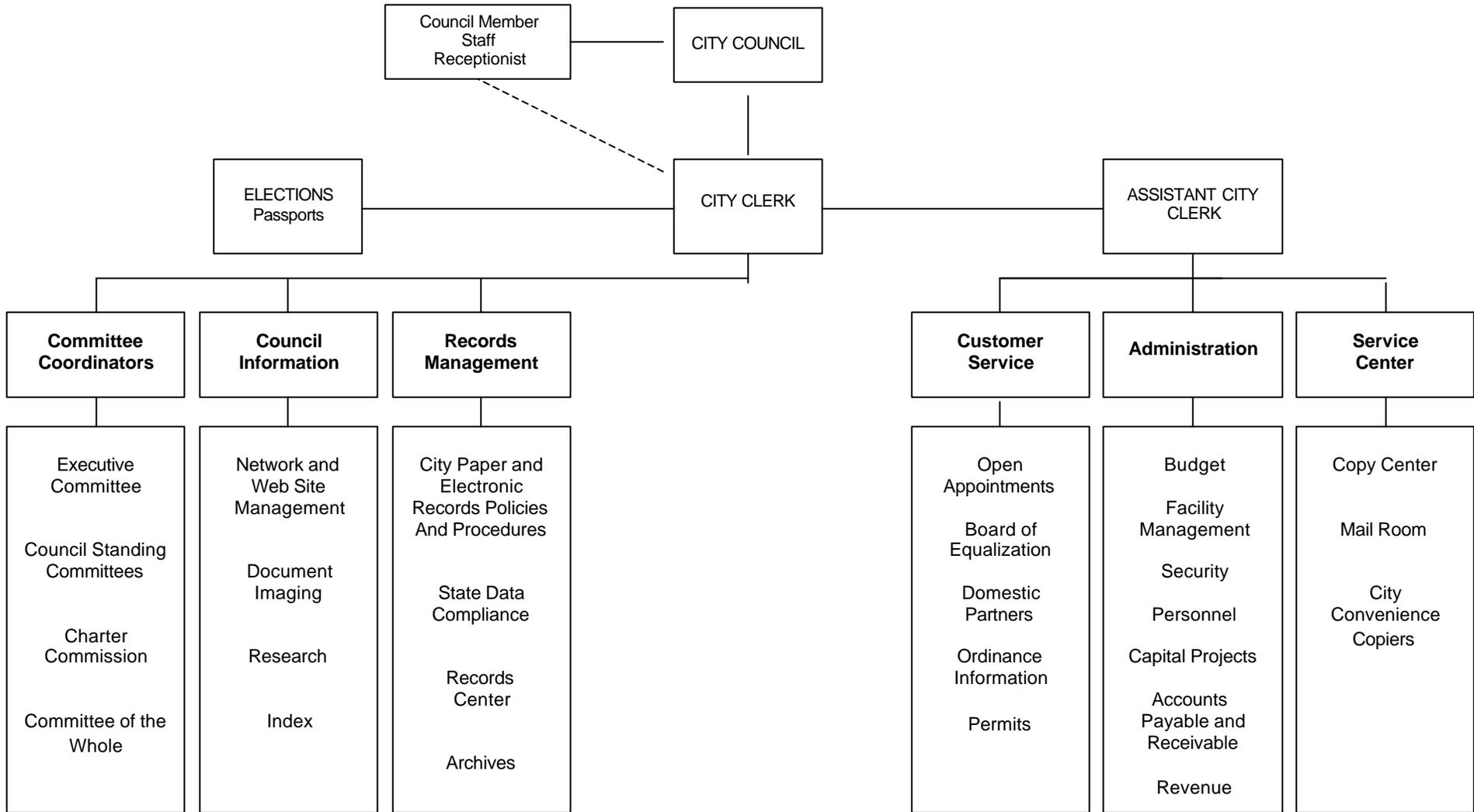
MAYOR'S RECOMMENDED BUDGET & ADOPTED BUDGET

The Office of Elections & Registrations was scheduled for a \$50,000 reduction to growth in spending in their five-year plan. The Mayor recommended and the Council concurred delaying this reduction to 2007, a non-election year. The department was granted an additional position for an Office Support Specialist position without appropriating additional funds; savings through leaves of absence without pay and retirements will cover the cost. Finally, the 2005 Adopted budget allowed for a one-time replacement of a Convenience Copier/Printer but postpones replacement of document imaging equipment.

**CITY CLERK
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Operations	21.00	18.00	14.00	15.00	7.14%	1.00
Central Mailing	0.80	0.80	0.80	0.80	0.00%	-
Central Copy Center	4.70	4.70	4.70	4.70	0.00%	-
Elections & Registration	27.75	24.00	26.70	6.00	-77.53%	(20.70)
Total FTE's	54.25	47.50	46.20	26.50	-42.64%	(19.70)

Minneapolis City Clerk 2004 Organization Chart



**CITY CLERK
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	493,102	199,724	112,321	283,308	152.2%	170,987
Equipment	9,575	7,676	5,000	10,070	101.4%	5,070
Fringe Benefits	519,339	194,103	260,262	206,230	-20.8%	-54,032
Operating Costs	247,224	34,353	18,891	22,403	18.6%	3,512
Salaries and Wages	2,082,351	825,960	748,336	783,436	4.7%	35,100
Total for General Fund - City	3,351,591	1,261,816	1,144,810	1,305,447	14.0%	160,637
Internal Service Funds						
Contractual Services	672,115	519,945	575,617	552,469	-4.0%	-23,148
Equipment	205,989	81,791	95,000	125,330	31.9%	30,330
Fringe Benefits	36,810	44,793	61,433	66,530	8.3%	5,097
Operating Costs	192,409	146,801	160,617	163,261	1.6%	2,644
Salaries and Wages	146,759	153,708	196,857	203,729	3.5%	6,872
Total for Internal Service Funds	1,254,081	947,037	1,089,524	1,111,319	2.0%	21,795
Special Revenue Funds						
Contractual Services	2,496	0	0	0		0
Fringe Benefits	59	0	0	0		0
Salaries and Wages	774	0	0	0		0
Total for Special Revenue Funds	3,329	0	0	0		0
Total for CITY CLERK	4,609,001	2,208,853	2,234,334	2,416,766	8.2%	182,432

CITY CLERK - ELECTIONS
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	175,503	115,218	202,639	562,212	177.4%	359,573
Equipment	2,827	4,805	5,167	5,239	1.4%	72
Fringe Benefits	84,705	66,468	77,370	72,210	-6.7%	-5,160
Operating Costs	48,969	29,653	27,009	27,727	2.7%	718
Salaries and Wages	674,616	311,512	618,985	296,320	-52.1%	-322,665
Total for General Fund - City	986,621	527,656	931,170	963,708	3.5%	32,538
Total for CITY CLERK - ELECTION	986,621	527,656	931,170	963,708	3.5%	32,538

**CITY CLERK
Revenue Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	1,893	239	1,000	1,000	0.0%	0
Charges for Service	8,400	3,300	8,000	8,000	0.0%	0
Licenses and Permits	16,865	5,377	5,000	5,000	0.0%	0
Other Misc Revenues	9,132	539	2,000	1,000	-50.0%	-1,000
Total for General Fund - City	36,290	9,455	16,000	15,000	-6.3%	-1,000
Internal Service Funds						
Charges for Service	1,450,811	1,113,831	1,089,524	1,111,319	2.0%	21,795
Gains	-555	-2,514	0	0	0.0%	0
Other Misc Revenues	-58,754	0	0	0	0.0%	0
Total for Internal Service Funds	1,391,502	1,111,317	1,089,524	1,111,319	2.0%	21,795
Special Revenue Funds						
Contributions	2,500	-4	0	0	0.0%	0
Local Government	714	0	0	0	0.0%	0
Total for Special Revenue Funds	3,214	-4	0	0		0
Total for CITY CLERK	1,431,006	1,120,768	1,105,524	1,126,319	1.9%	20,795

CITY CLERK - ELECTIONS
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	345	34	1,000	1,000	0.0%	0
Charges for Service	202,500	67,706	67,500	75,554	11.9%	8,054
Local Government	116,196	0	0	0	0.0%	0
Other Misc Revenues	240	0	0	0	0.0%	0
Rents	100	0	0	8,000	0.0%	8,000
<i>Total for General Fund - City</i>	319,381	67,739	68,500	84,554	23.4%	16,054
Total for CITY CLERK - ELECTIONS	319,381	67,739	68,500	84,554	23.4%	16,054

CITY COORDINATOR

Mission Statement:

The mission of the City Coordinator's Office is to provide leadership, direction and accountability in establishing City policy and priorities and to continually improve the management systems and regulatory services of the City.

Primary Businesses:

- Policy Development and Implementation - The City Coordinator acts as a policy advisor to the Mayor and City Council and ensures that project implementation is accountable and consistent with Mayor and Council direction.
- Management Oversight - The City Coordinator oversees the City's management departments, regulatory services, Minneapolis Convention Center and Emergency Communications Center to ensure cost-effective, high-quality service and public accountability.

Key Trends and Challenges Impacting the Department:

The City Coordinator conducted an environmental scan of the following four activities to determine the trends and challenges that will most significantly impact the department over the next five years:

- 1) A macro review of current demographic and economic trends;
- 2) An internal analysis of the City's budgetary issues;
- 3) A Strength Weaknesses Opportunities and Threats (SWOT) analysis with the Assistant City Coordinators to assess the department's internal strengths and weaknesses; and
- 4) Interviews with key department heads to gauge customers' perceptions about the department.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Special projects arise annually and are dictated by political and community trends. This makes it difficult to predict and plan for key projects and initiatives. Projects led by the Coordinator in the past have been as varied as the implementation of CPED to the redesign of the Police Civilian Review Authority to development of the Ethics Code to limited English proficiency planning. Over the next year, however, key management initiatives have been identified and include the following:

- Guiding the City through financial planning to manage the pressures on the long-term budget situation (Finance);
- Implementing One-Stop-Shop and its quality control (Regulatory Services);
- Monitoring the Unisys contract and continuous improvement of internal and external technology services (e-government) (BIS);
- Diversifying the workforce to reflect the City's population (Human Resources);
- Implementing the 311/Common Contact Center (BIS and MECC);
- Systematizing the consolidation of the communication functions throughout the organization (Communications).

Based on the results of the SWOT analysis, one key initiative that the Coordinator's Office will lead is the Improvement of Internal Customer Service. Integrating the City's management systems to improve efficiencies in responding to customer needs is a major goal of the business plan. A management committee will be created to regularly review customer complaints, improve data accountability and develop methods for improving the management systems. Staffed by the Finance, Human Resources and BIS departments, this committee will develop regular customer surveys and create a work plan with performance measures for annual review by the City Coordinator.

Primary Business: Policy Development and Implementation

Description of Primary Business: The City Coordinator acts as a policy advisor to the Mayor and City Council and ensures that project implementation is accountable and consistent with Mayor and Council direction.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Adoption of citywide goals and outcomes.	n/a	n/a	Adopted 1/2003	100%	100%
% of departments with a completed business plan, reviewed by City Council.	n/a	n/a	n/a	87%	100%
Key city policies addressed and approved by Council that increase revenue or significantly decrease spending.	n/a	n/a	n/a	5-Year Financial Direction	
Key special projects coordinated by the City Coordinator	n/a	n/a	n/a	Limited English Proficiency Development Review Center 311 - Common Call Center	
% of Department Heads that consider biweekly Department Head meetings useful and productive.	n/a	n/a	n/a	Survey in late 2004	
% of Executive Committee members who deem the Executive Committee useful and productive.	n/a	n/a	n/a	Survey in late 2004	

Explanation of Key Performance Measures: Many of the Coordinator's activities as they relate to policy development are difficult to measure. One of the Coordinator's key tasks is to advise and consult the Mayor and Council on a variety of issues which is difficult to measure quantitatively on an annual basis. Performance measures for this service activity reflect the initiatives led by the Coordinator by simply listing them, which demonstrates the proactive development of key city policies by the Coordinator.

Primary Business: Management Oversight

Description of Primary Business: The City Coordinator oversees the City's management departments, regulatory services, Minneapolis Convention Center and Emergency Communications Center to ensure cost-effective, high-quality in service and public accountability.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% of City Coordinator departments that stay within approved budget.	n/a	n/a	100%	100%	100%
% of women and people of color in Coordinator departments.	n/a	n/a	Women - 50% People of Color - 27%	Women - 51% People of Color - 26%	

Explanation of Key Performance Measures: The measures of this service activity reflect the Coordinator's role as the manager of these key functions. Ultimately, the Coordinator is accountable for the success/failures of the management departments and these measures highlight the aggregate achievements of all the Assistant City Coordinator departments.

Financial Analysis:

EXPENDITURE

The 2005 budget for the City Coordinator/Administration's department is \$693,000, a 70% increase over the 2004 Adopted Budget. The budget for this department includes \$226,000 in BIS charges calculated on a city-wide rate model and \$500 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 City Coordinator/Administration's budget is \$467,000, a 14% increase over the 2004 Adopted Budget.

REVENUE

This department does not generate revenue.

FUND ALLOCATION

One hundred percent of the City Coordinator/Administration budget comes from the General Fund.

MAYOR'S RECOMMENDED BUDGET AND ADOPTED BUDGET

The Mayor's Recommended Budget for 2005 supported the City Coordinator/Administration's request of one-time funds of \$150,000 for a One Call/One Stop Coordinator. The Council removed the one-time funds and one position for a One Call/One Stop Coordinator. Funding for a Deputy City Coordinator position was reallocated from the Finance department.

The Council also reduced the department's General Fund allocation by \$75,000 so that the Police Department's General Fund allocation could be increased by \$75,000. The \$75,000 reduction was taken from the City Coordinator's departments and not just City Coordinator Administration; the Administration's portion is \$1,000. The other Coordinator departments affected departments include: Human Resources - \$7,000 reduction, Communications - \$3,000 reduction, Finance - \$27,000 reduction, IGR - \$2,000 reduction, and Regulatory Services - \$35,000 reduction.

**CITY COORDINATOR ADMINISTRATION
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	5.00	4.00	3.00	3.00	0.00%	-
Office of Cultural Affairs	4.00	-	-	-	-	-
Total FTE's	9.00	4.00	3.00	3.00	0.00%	-

Target Strategies:

No target strategies were requested for this department.

BUSINESS INFORMATION SERVICES

Mission Statement:

Provide effective and reliable information services to support the efficient management of City government, provide easy access to City products and services, and allow for measurement of City business units' performance.

Primary Businesses:

- Business Development Services
- Business Support Services

Key Trends and Challenges Impacting the Department:

Trends

1. Wireless Internet Services

Recent technological advancements are enabling telephone, data and radio communication technologies to merge at a rapid pace. In order to meet the ever-increasing city department needs for state-of-the-art communication technologies, the City must be in a position to keep pace with the demand. WiFi wireless technology is emerging in other municipalities as a viable option to meet the increasing institutional, commercial and residential demand for low cost, broadband internet services. This trend increases the urgency for the City to develop a comprehensive citywide wireless strategy and deploy a wireless infrastructure that integrates the City's institutional needs with commercial and residential services.

2. Minneapolis One Call

Citizen Relationship Management and "311" Common Contact Centers are emerging trends in Municipal Government that hold great promise for improving non-emergency service delivery. Minneapolis One Call is an initiative that will make it easier and quicker to access City services, get information and take care of non-emergency police matters. The mechanics of Minneapolis One Call – often referred to as "311" – are simple: one three-digit phone number to request any non-emergency city service or get any information needed from the City. Minneapolis One Call has four key elements:

- The 311 call center. Available 24x7 to take requests for city services or information.
- Enabling technology. A Customer Service Request (CSR) System provided by Motorola allows 311 operators to record each caller's request and route it to the appropriate city department.
- Streamlined processes. The Customer Service Request System uses a computerized service request intake process to ensure that requests for service or information can be handled quickly and efficiently by the appropriate department.
- Monitoring service delivery. Through Minneapolis One Call, City Departments will receive steady, consistent requests in a format that's detailed and specific. The software system makes it easy to trace service request fulfillment progress, respond to requestor status inquiries and assist departmental service delivery supervisors in satisfying those requests.

3. e-Government

The demand for online interactive service delivery continues to be a dominant trend in state, county and municipal government. Because of limited funding, the City's efforts to move City services to the Internet are fragmented and are at this time mostly project driven. An example is the implementation of e-Permitting as part of the Minneapolis One Stop initiative. The implementation is focused on achieving a quick win and will not be sustainable in the long run. BIS needs to focus on developing an overall architecture and standards for e-Government, which allow for a common touch and feel for any online transactions conducted with the City by our citizens and businesses.

Challenges

1. Funding

The five-year BIS budget directive establishes a minimum level of funding barely sufficient to sustain core infrastructure services (Fixed Cost) and could result in annual reductions in applications support and technology management services (Variable FTE Cost). The effect of the current funding restrictions on the BIS operating budget will be an actual decrease of an average 3.5% per year over the next five years. This reduction would translate into an effective headcount reduction (Layoffs) of 5 positions per year, and precludes any possibility of BIS filling the current 25 open positions required to complete the BIS restructuring plan and decimates our ability to provide minimally acceptable service levels. The 5-year Financial Outlook provides an average 2% wage increase over the 5-year period 2004-2008, but also prescribes a \$600,000 General Fund decrease in 2007. With no additional funding BIS will continue to absorb the annual increases in Fixed Operating Cost through delayed staffing decisions and position reductions. If additional funding sources cannot be identified and secured, BIS will be forced to make core service level adjustments beginning in 2006.

Approximately 60% of the current (2004) BIS operating budget is allocated to fixed operating cost obligations. BIS fixed operating costs that are subject to annual increases are as follows:

- Unisys Managed Services (Outsourcing) Contract (49% of budget) – 2.6% increase per year
- Application Software Licenses & Maintenance Contracts (10% of budget) – 10 to 15% increase per year
- Facility Rent (1% of budget) – 10% increase per year

Approximately 29% of the current (2004) BIS operating budget is allocated to fixed/variable labor* costs. There is a 2% annual wage and salary increase built into the five year plan. *Note: The 2% wage increase policy is subject to union agreement. Increases in Health Care costs are unpredictable as well.

2. Asset Life Cycle Management

Business Application Software has a life cycle not unlike other capital assets, however, until now the BIS budgets did not reflect the life cycle maintenance and replacement costs. Currently, when an application software package requires a major upgrade or total replacement due to obsolescence, capital and operating funds must be urgently appropriated for that purpose. The financial community has debated the issue for decades: Should software investments be capitalized or expensed? While GASB-34 provides a reserve mechanism for capital asset replacement there has been no movement in that direction by Finance with regard to Business Application Software. This presents a major challenge for BIS in that mainstream business application software upgrades and replacement eat into already scarce capital funds which should be earmarked for implementing advancements in Information Technology. We must find new approaches to fund the life cycle cost of existing IT infrastructure and business systems such as Managed Services, Application Service Provider Agreements and Public Private Partnerships.

3. Demand Exceeding Supply - Policy driven directives

The demand for IT investment and support services currently exceeds the supply by an ever increasing margin each year based on the current mandated five year plan. Much of the demand is driven by unfunded or marginally funded mandates such as: Minneapolis One Call, Minneapolis One Stop and the Citywide Wireless Initiative. However, the demand for BIS application support services associated with existing and new business applications is increasing as well. This challenge is made even more difficult due to the positive steps currently being taken to centralize business software management Citywide under BIS and hold departments accountable to demonstrate a greater return on enterprise IT investments within their operations.

4. Pay-As-You-Go Funding

Because of limited capital funding BIS continues to encourage departments to fund urgent IT needs on a pay-as-you-go basis. This approach, however, meets with resistance from departments, who feel that it is BIS's obligation to absorb the cost for their respective IT needs. Some progress has been made in this area and BIS will continue to work with Finance and City departments to identify and secure additional funding sources in order to be in a position to assure continuation of minimally acceptable service levels. BIS planned actions for the identification of potential additional funding sources include:

- Resume the Real Time Strategic Forum (RTSF) planning process to strengthen partnerships with City departments.
- Refine the process for analyzing, defining and prioritizing City department IT needs.
- In partnership with Finance and city departments, analyze the option to include the cost of technology as part of the City's fee structure.
- In partnership with Finance and City departments, complete and implement a rate model, which reflects accurate and fair allocations and charges for BIS services. The rate model is to replace the current practice of fund level transfers to the Internal Service Fund.
- Work and consult with departments to better understand the added value the use of information technology can bring to department business performance.
- Partner with departments to leverage technology into tangible cost savings that could be re-invested into technology growth requirements.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

1. Minneapolis One Stop

Assist with business process re-engineering, technology implementation and e-Government web based services in support of the City's Development Workflow initiative. Specific projects included in this initiative are: Accela-Kiva application upgrade, Development Workflow Roadmap, Remote Inspector, e-Permitting, e-licensing and e-Inspections on-line service delivery.

Funding Status: Funded

Funding Source(s): CLIC/department operating budgets/2003 rollover

2. Minneapolis One Call

Implement a CitiSTAT/311 technology solution that is a comprehensive approach to the management of non-emergency services. This will develop consistency, intra-department coordination and accountability when responding to citizens' requests for services while allowing emergency services to focus attention on true emergencies. This includes utilizing technology to streamline services, improve citizen interaction, and decrease the cost of service delivery. This will be a multi-phased development approach. Work will begin this year through BIS, Public Works and Police Non-emergency efforts that focus on the implementation of a Constituent Relationship Management (CRM) tool to achieve the following results:

- Streamline services & track public demands for service;
- Increase department efficiency & accountability (MINSTAT);
- Improve workload tracking, evaluation and reporting;
- Provide senior management with consistent, complete, and accurate data for planning, decision making and prioritization of City efforts.

Funding Status: Pilot Funded

Funding Source(s): Federal grant/Allocation to department operating budgets

Note: Completion of pilot will result in business case showing ROI and identification of funding required to finish and operate the project.

3. City Attorney Case Management System (CMS)

The City Attorney's Case Management system (CityLaw) has reached end-of-life and the lack of automated document coordination, work flow management, performance measurement and retention of information places the Minneapolis City Attorney's Office at risk, hinders law enforcement, and reduces the effectiveness criminal prosecution for the citizens of Minneapolis.

The new Case Management system will address these issues by:

- Analyzing, designing and implementing business processes that streamline the handling of criminal and civil case loads through the City Attorney's Office.
- Providing workload management and service level performance management tools to improve the efficiency of the MCAO (Minneapolis City Attorney's Office) and its staff.
- Managing the flow of information within MCAO and between the MCAO and other City, County, State, and Federal agencies through integrated criminal justice initiatives such as CrimNet and MNCIS.

Funding Status: Funded

Funding Sources: CLIC/County grant/re-direction of security capital

4. Telephone Replacement

The existing telephone systems have reached end of life and must be replaced. Upgrading the City's telephony systems and infrastructure facilities will address public safety and business continuation concerns. The City is dependent on equipment that has an increasing risk of failure due to age. Should the systems fail, the City would be unable to conduct business and could lose critical telephone services between the public and public safety (police, fire, public works and water) as well as with City Departments.

Funding Status: To Be Determined

Funding Sources: Bonds & Telephony Charge-Back Rate Model

5. Wireless Services - Business Plan

Wireless technology and mobile commerce offer tremendous opportunities to provide the right information at the right time and place at the City, from phones to handheld devices, pagers, and cameras. An example is wireless fidelity (WiFi) implemented in the MPD and MFD mobile command units. The City's wireless initiative must also ensure conformance to industry standards and leverage economies of scale through public/private partnerships to minimize the financial exposure.

- a. Develop a comprehensive citywide wireless strategy and business plan that integrates the City's institutional needs with economical commercial and residential broadband internet services.
- b. Engage the private sector through a competitive procurement process (RFP), which in turn requires funding & resources.
- c. Implement a comprehensive WiFi technology based wireless infrastructure at the lowest possible cost to the City through a private sector partner (ISP) willing to bear the build out cost.

Funding Status: Unfunded

Funding Source: Public/Private partnership

6. 9-1-1 Computer Aided Dispatch (CAD) Replacement

The current CAD system was installed in the early 1990's. It is operating on a 486 platform that has reached obsolescence and must be upgraded to today's technology standards in order to avoid a potentially serious outage of the system due to the scarcity of parts and support. Funding for the replacement of this system, which has been an issue in the past, has now been resolved through the availability of \$4.2 million in Homeland Security related grant funding. BIS and MECC are working to define a plan for the implementation of a 911 CAD replacement, which could include collaboration with either Hennepin County, or the City of Saint Paul.

Funding Status: Funded
Funding Source: Federal grant

7. Skills Realignment

In 2003, BIS has embarked upon a paradigm shift by changing the focus from technology management to becoming a value added information service provider that assists City departments in leveraging technology to improve City business processes. In 2005 the department will continue to assess the skills and career interests of its staff and compare them to those required by the new model. Development plans will be prepared and implemented for the staff to enable them to acquire the new skills needed in BIS.

Other Models

8. ASP Model

BIS will actively pursue using Application Service Providers (ASP) or purchase application management services as an alternative to owning an application and providing all support with internal City resources. An ASP could potentially provide higher levels of service and smooth peaks and valleys related to application support costs. Just as City infrastructure has been outsourced, the City must decide if it is necessary to own an application or if it should acquire the functionality of an application as necessary. BIS has taken a first step in this direction with the acquisition of the Motorola CSR application for the Minneapolis One Call (311) initiative. Motorola owns, maintains, hosts and supports the Minneapolis applications. The management of common applications such as human resources, payroll, and finance are other candidates to be considered for outsourcing. For future solutions, BIS will engage in an analysis to determine if an ASP model or application management services are financially viable for select applications. This analysis should be part of the process for acquiring new applications and performing major upgrades on exiting systems.

9. Public/Private Partnerships Model

Through partnerships with other entities, the City can implement a win/win business model that provides improved services for the City and citizens. BIS has successfully leveraged Public/Private partnerships to deploy with minimal financial exposure to the City. Three examples of these partnerships are:

- i-Site - Emergency Response building information program.
The i-Site program uses GIS technology to give first responders immediate access to detailed and accurate floor plan information for high occupancy buildings. I-site is a public/private partnership between the City, the Building Owners and Managers Association (BOMA) and RSP Architects. This significant health and safety measure was implemented with no investment of City funds as a result of this partnership.
- SafeZone - Public Safety wireless surveillance network
SafeZone is a project that is designed to increase the perceived and actual safety of residents, workers and visitors in downtown Minneapolis. It is a multi-faceted approach to safety that involves dramatically improving communication between private security entities downtown by installing security cameras to prevent and detect crime in the downtown area and implementing other strategies that will enhance safety.
- Minneapolis Wireless Initiative
The City's wireless initiative will ensure conformance to industry standards and leverage economies of scale through public/private partnerships to minimize the financial exposure. BIS

intends to implement a Citywide WiFi technology based wireless infrastructure at the lowest possible cost to the City through a private sector partner (ISP) willing to bear the build out cost.

Primary Business: Business Development Services

Description of Primary Business: Business Development Services is focused on the strategic element of BIS, which includes strategic technology and business planning, defining the architecture, and controlling the environment. Business requirements are identified for new initiatives and solutions are managed and delivered, including business process re-engineering. Leveraging enterprise technology investments is a key focus.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. Minneapolis One Stop			Assessment, Planning & BPR	Technology Upgrade Implement	Implement
2. Minneapolis One Call			Assessment, Planning & BPA	Select S/W Pilot Project	Implement
3. City Attorney Case Mgmt System			Assessment, Planning & BPR	Select S/W Implement	Implement
4. 911/CAD Replacement			Assessment & Planning	Select S/W Implement	Implement
5. Business Development Projects			50 Projects	68 Projects	60 Projects

Explanation of Key Performance Measures:

1. *Minneapolis One Stop*
In the City, business processes are becoming increasingly complex and interdependent, regulations are changing to meet current demands for safety, and staff turnover creates noticeable gaps in the institutional knowledge of the organization. These factors especially come into play in handling large commercial and multi-use building projects, which have multiple phases and require significant interdepartmental, agency, and customer interaction. The outcome of Minneapolis One Stop is to control the movement of complex and interrelated information from one processing point to another, activating appropriate actions or triggering additional process control requirements.

2. *Minneapolis One Call*
CRM capability will ultimately be available to the enterprise and provide a centralized citizen information repository giving elected officials, department heads and employees a reliable system to monitor a service request through its lifecycle and across departments. The system will also provide integration with key legacy systems (e.g., GIS, KIVA, FISCOL, HRIS) and allow the City to ‘close the loop’ with citizens through the measurement of customer needs and satisfaction levels. Once citywide adoption is completed, the City will be prepared to launch a 311 system that will focus on providing citizens a single point of contact for all non-emergency services. By participating in a pilot project to implement an enterprise CRM tool, Public Works, the Mayor’s Office and the MECC will work with BIS to develop a repeatable methodology to assess and streamline business processes. Additionally, the pilot will enable the City to develop business implementation, integration and maintenance plans for enterprise rollout. The installation of a citywide CRM tool will support the development of MinStat as well as an operational 3-1-1 system for Public Safety and other non-emergency services. The City is in the process for applying for a federal grant that would extend the pilot to include 9-1-1 non-emergency services. The analysis was completed in February 2004 and led to the issuance of an RFP for the selection of a vendor for the acquisition of a CRM product and its implementation. Motorola was selected. BIS completed contract negotiations and the pilot program is under way and is expected to be completed by first quarter of 2005. The primary objective of the pilot is to produce a business case that includes an ROI based cost analysis of the total program, which is to include the identification of funding sources for both implementation and operating costs.

3. *City Attorney Case Management System*
BIS will assist the City Attorney’s office in analyzing and redesigning business processes to enable workflow and records management automation efforts and replacement of the existing case management system within the MCAO. This includes implementing caseload management and Service Level tracking of MCAO cases and staff assignments. Streamline information sharing within the MCAO and between the MCAO and other City, County, State, and Federal agencies. Coordinate workflow integration of efforts between the MCAO and various City, County, State, and Federal agencies. Incorporate performance measurement and service delivery management into business processes and the new Case Management business application software solution.

4. **911/CAD Replacement**

The current CAD system was installed in the early 1990's. It is operating on a 486 platform that should be upgraded to today's technology standards. The replacement of this system has been delayed several times over the past 2-3 years due to lack of funding. Opportunities to partner with the Minneapolis Police Department, and the Hennepin County Sheriff's Office, have been seriously considered to share these costs among multiple agencies. The implementation of a 911 surcharge and a \$4.2 million Homeland Security grant will ultimately fund the replacement of this critical system.

5. **Business Development Projects**

BIS manages the delivery of multiple projects that meet a wide range of City department IT requirements. The delivery and execution of a project through various phases of the systems development lifecycle is managed through well-structured, industry standard project management methods. Business Development implements business outcome driven IT solutions on-schedule, within budget and exceeding customer expectations. It develops and integrates solutions to meet unique business requirements and improve citizen access to City services, assures that the customer is satisfied with the solution, and includes user training, final acceptance testing, development of user procedures, and documentation.

Primary Business: Business Support Services

Description of Primary Business: Business Support Services primary focus is to "keep the lights burning." This line of business is focused on the support and maintenance of the City's business applications and infrastructure environments. This includes managing the Managed Services program, the support, maintenance and administration of applications, the City's Web environment and telecommunications infrastructure. Service level agreements are developed and managed with City departments and BIS.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Service Desk Call Volume (Avg) ASA (Average Speed of Answer) 1 st Call Resolution	N/A	N/A	N/A	28,202 50 seconds 96.88%	25,000 60 seconds 85%
Desk Side Services Service Calls H/W MTTR (Hardware Mean Time to Repair) S/W MTTR (Software Mean Time to Repair)	N/A	N/A	N/A	1,612 77.2% 86.0%	1,600 90% 90%
Data Center - Network Availability	N/A	N/A	N/A	99.99%	99.99%
IMAC Volume Turnaround Time	N/A	N/A	N/A	90% 800 89.3%	90% 800 90%
Technology Refresh Desktops Servers Laptops Printers	N/A	N/A	N/A		
Customer Satisfaction Survey	N/A	N/A	N/A	4.6	4.0

Explanation of Key Performance Measures:

Service Desk Average Speed to Answer (ASA) in seconds: The Service Level Agreement (SLA) is an average speed to answer calls to the Service Desk within 60 seconds.

Desk Side Services: The SLAs for desk side software, desk side hardware, and IMACs specify the amount of time required to provide service, for example, resolving hardware problems by the next business day. The SLA is to meet these deadlines 90% of the time. IMACs installs, moves, adds and makes changes.

Data Center & Network: Measures availability from 6 a.m. to 6 p.m. Monday through Friday.

Technology Refresh: Target number of units replaced per year.

Customer Survey Results: These results are based on surveys of customer satisfaction using a five point scale.

Financial Analysis:

EXPENDITURE

The 2005 Business Information Services budget is \$20 million, a 15% increase over the 2004 Adopted Budget, excluding the increase in Capital. Most of the increase is attributable to personnel costs. Two Project Manager positions for the Project Management Division were added to the 2005 Current Service Level. There is also a .75 position increase adjustment made due to an error in the 2004 Adopted Budget level last year.

An increase in contractual services of \$400,000 was added as a result of the forthcoming phone system upgrade for the City. These costs are funded within the BIS rate model. There is also an increase of \$377,000 associated with the new Motorola contract and amendments to the Managed Services contract.

The 2005 budget includes \$13,100 for benefits administration which was centrally budgeted in the past. It also includes \$197,000 to phase in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted in separate agencies. In addition, there's a \$7.5 million allocation from the General Fund for BIS' debt service.

REVENUE

Federal Grant revenue reflects a decrease due to a reduction of One Call/One Stop funds that were provided in 2004. The 457% overall increase in revenue is primarily a result of implementation of the BIS rate model. The rate model created a reclassification of the revenue from *Transfers* (non-operations) to *Charges for Service* (operations).

FUND ALLOCATION

BIS is fully funded through the Intergovernmental Services Internal Service Fund. During 2003, the Geographic Information Services function moved from the General Fund to the Internal Service Fund.

MAYOR'S RECOMMENDED BUDGET

BIS had no additional operating budget requests. The Mayor's Recommended Budget included funding for information technology infrastructure in the BIS capital budget at \$2 million.

ADOPTED BUDGET

The Council adopted the Mayor's capital recommendation and added \$777,000 to the BIS budget in the Intergovernmental Services Fund. The Adopted Budget also included a change in accounting for the General Fund overhead charge that replaces various separate charges for indirect costs that were previously budgeted in separate agencies.

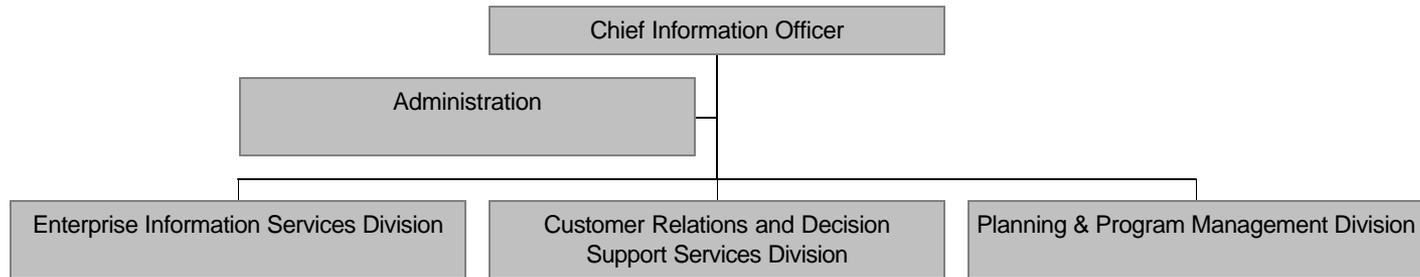
**BUSINESS INFORMATION SERVICES
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	76.85	100.10	78.10	80.85	3.52%	2.75

Target Strategies:

No target strategies were requested for this department.

Business Information Services (BIS) Organizational Chart



- **Web Site Management**
- **Web Application Development**
- **Application Support**

- **Customer Relations**
- **GIS Business Development**
- **GIS Business Services**

- **Architecture**
- **Technology Infrastructure**
- **Program Management**
- **Enterprise Data Management**
- **Managed Services**
 - Data Center & Network Support
 - Desktop & Help Desk Support
 - IMAC Process
 - Facilities & Special Projects
 - Telecom Operations
- **Quality Assurance**
- **Property Application Support**

BUSINESS INFORMATION SERVICES
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	861,744	0	0	0		0
Equipment	49,288	0	0	0		0
Fringe Benefits	83,762	0	0	0		0
Operating Costs	103,181	0	0	0		0
Salaries and Wages	388,584	0	0	0		0
Total for General Fund - City	1,486,559	0	0	0		0
Internal Service Funds						
Contractual Services	9,700,306	11,544,179	11,132,301	12,465,226	12.0%	1,332,925
Equipment	17,183	506,798	0	0		0
Equipment Labor	108,311	88,339	0	0		0
Fringe Benefits	1,000,977	1,068,199	1,260,774	1,505,809	19.4%	245,035
Operating Costs	1,990,038	890,581	443,035	454,521	2.6%	11,486
Salaries and Wages	4,485,388	4,406,063	4,738,298	5,718,803	20.7%	980,505
Total for Internal Service Funds	17,302,203	18,504,159	17,574,408	20,144,359	14.6%	2,569,951
Special Revenue Funds						
Contractual Services	222,954	99,275	0	0		0
Equipment	0	0	0	0		0
Fringe Benefits	933	8	0	0		0
Operating Costs	21,300	0	0	0		0
Salaries and Wages	5,132	0	0	0		0
Total for Special Revenue Funds	250,319	99,282	0	0		0
Total for BUSINESS INFORMATIO	19,039,081	18,603,441	17,574,408	20,144,359	14.6%	2,569,951

BUSINESS INFORMATION SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	10,422	0	10,000	0	-100.0%	-10,000
Charges for Service	92,363	0	0	0	0.0%	0
Contributions	354,370	0	0	0	0.0%	0
Franchise Fees	2,549,515	0	0	0	0.0%	0
Other Misc Revenues	20,850	0	0	0	0.0%	0
Rents	21,343	0	0	0	0.0%	0
Total for General Fund - City	3,048,863	0	10,000	0	-100.0%	-10,000
Internal Service Funds						
Charges for Sales	0	34,889	10,000	10,000	0.0%	0
Charges for Service	4,047,521	2,690,338	3,321,941	18,614,503	460.4%	15,292,562
Gains	0	8,640	0	0	0.0%	0
Interest	-114	0	0	0	0.0%	0
Other Misc Revenues	2,996,132	252,882	0	0	0.0%	0
Total for Internal Service Funds	7,043,538	2,986,749	3,331,941	18,624,503	459.0%	15,292,562
Special Revenue Funds						
Federal Government	250,319	99,282	0	0	0.0%	0
Total for Special Revenue Funds	250,319	99,282	0	0		0
Total for BUSINESS INFORMATION SERVICE	10,342,719	3,086,031	3,341,941	18,624,503	457.3%	15,282,562

CITY COORDINATOR

Mission Statement:

The mission of the City Coordinator's Office is to provide leadership, direction and accountability in establishing City policy and priorities and to continually improve the management systems and regulatory services of the City.

Primary Businesses:

- Policy Development and Implementation - The City Coordinator acts as a policy advisor to the Mayor and City Council and ensures that project implementation is accountable and consistent with Mayor and Council direction.
- Management Oversight - The City Coordinator oversees the City's management departments, regulatory services, Minneapolis Convention Center and Emergency Communications Center to ensure cost-effective, high-quality service and public accountability.

Key Trends and Challenges Impacting the Department:

The City Coordinator conducted an environmental scan of the following four activities to determine the trends and challenges that will most significantly impact the department over the next five years:

- 1) A macro review of current demographic and economic trends;
- 2) An internal analysis of the City's budgetary issues;
- 3) A Strength Weaknesses Opportunities and Threats (SWOT) analysis with the Assistant City Coordinators to assess the department's internal strengths and weaknesses; and
- 4) Interviews with key department heads to gauge customers' perceptions about the department.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Special projects arise annually and are dictated by political and community trends. This makes it difficult to predict and plan for key projects and initiatives. Projects led by the Coordinator in the past have been as varied as the implementation of CPED to the redesign of the Police Civilian Review Authority to development of the Ethics Code to limited English proficiency planning. Over the next year, however, key management initiatives have been identified and include the following:

- Guiding the City through financial planning to manage the pressures on the long-term budget situation (Finance);
- Implementing One-Stop-Shop and its quality control (Regulatory Services);
- Monitoring the Unisys contract and continuous improvement of internal and external technology services (e-government) (BIS);
- Diversifying the workforce to reflect the City's population (Human Resources);
- Implementing the 311/Common Contact Center (BIS and MECC);
- Systematizing the consolidation of the communication functions throughout the organization (Communications).

Based on the results of the SWOT analysis, one key initiative that the Coordinator's Office will lead is the Improvement of Internal Customer Service. Integrating the City's management systems to improve efficiencies in responding to customer needs is a major goal of the business plan. A management committee will be created to regularly review customer complaints, improve data accountability and develop methods for improving the management systems. Staffed by the Finance, Human Resources and BIS departments, this committee will develop regular customer surveys and create a work plan with performance measures for annual review by the City Coordinator.

Primary Business: Policy Development and Implementation

Description of Primary Business: The City Coordinator acts as a policy advisor to the Mayor and City Council and ensures that project implementation is accountable and consistent with Mayor and Council direction.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Adoption of citywide goals and outcomes.	n/a	n/a	Adopted 1/2003	100%	100%
% of departments with a completed business plan, reviewed by City Council.	n/a	n/a	n/a	87%	100%
Key city policies addressed and approved by Council that increase revenue or significantly decrease spending.	n/a	n/a	n/a	5-Year Financial Direction	
Key special projects coordinated by the City Coordinator	n/a	n/a	n/a	Limited English Proficiency Development Review Center 311 - Common Call Center	
% of Department Heads that consider biweekly Department Head meetings useful and productive.	n/a	n/a	n/a	Survey in late 2004	
% of Executive Committee members who deem the Executive Committee useful and productive.	n/a	n/a	n/a	Survey in late 2004	

Explanation of Key Performance Measures: Many of the Coordinator's activities as they relate to policy development are difficult to measure. One of the Coordinator's key tasks is to advise and consult the Mayor and Council on a variety of issues which is difficult to measure quantitatively on an annual basis. Performance measures for this service activity reflect the initiatives led by the Coordinator by simply listing them, which demonstrates the proactive development of key city policies by the Coordinator.

Primary Business: Management Oversight

Description of Primary Business: The City Coordinator oversees the City's management departments, regulatory services, Minneapolis Convention Center and Emergency Communications Center to ensure cost-effective, high-quality in service and public accountability.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% of City Coordinator departments that stay within approved budget.	n/a	n/a	100%	100%	100%
% of women and people of color in Coordinator departments.	n/a	n/a	Women - 50% People of Color - 27%	Women - 51% People of Color - 26%	

Explanation of Key Performance Measures: The measures of this service activity reflect the Coordinator's role as the manager of these key functions. Ultimately, the Coordinator is accountable for the success/failures of the management departments and these measures highlight the aggregate achievements of all the Assistant City Coordinator departments.

Financial Analysis:

EXPENDITURE

The 2005 budget for the City Coordinator/Administration's department is \$693,000, a 70% increase over the 2004 Adopted Budget. The budget for this department includes \$226,000 in BIS charges calculated on a city-wide rate model and \$500 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 City Coordinator/Administration's budget is \$467,000, a 14% increase over the 2004 Adopted Budget.

REVENUE

This department does not generate revenue.

FUND ALLOCATION

One hundred percent of the City Coordinator/Administration budget comes from the General Fund.

MAYOR'S RECOMMENDED BUDGET AND ADOPTED BUDGET

The Mayor's Recommended Budget for 2005 supported the City Coordinator/Administration's request of one-time funds of \$150,000 for a One Call/One Stop Coordinator. The Council removed the one-time funds and one position for a One Call/One Stop Coordinator. Funding for a Deputy City Coordinator position was reallocated from the Finance department.

The Council also reduced the department's General Fund allocation by \$75,000 so that the Police Department's General Fund allocation could be increased by \$75,000. The \$75,000 reduction was taken from the City Coordinator's departments and not just City Coordinator Administration; the Administration's portion is \$1,000. The other Coordinator departments affected departments include: Human Resources - \$7,000 reduction, Communications - \$3,000 reduction, Finance - \$27,000 reduction, IGR - \$2,000 reduction, and Regulatory Services - \$35,000 reduction.

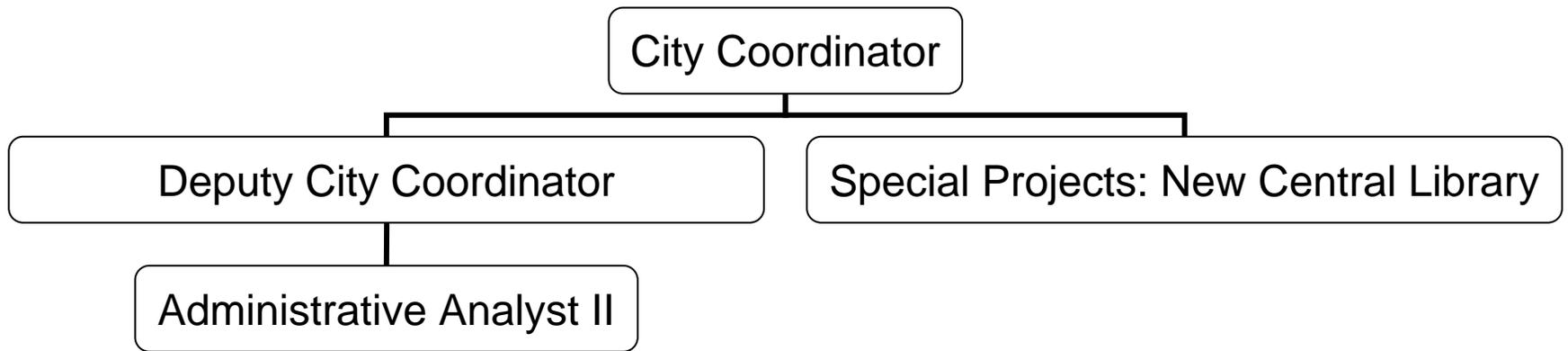
**CITY COORDINATOR ADMINISTRATION
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	5.00	4.00	3.00	3.00	0.00%	-
Office of Cultural Affairs	4.00	-	-	-	-	-
Total FTE's	9.00	4.00	3.00	3.00	0.00%	-

Target Strategies:

No target strategies were requested for this department.

City Coordinator
Administration
2005 Organizational Chart



**CITY COORDINATOR
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	297,326	33,221	58,122	280,735	383.0%	222,613
Equipment	0	100	1,447	1,467	1.4%	20
Fringe Benefits	80,212	58,390	60,262	68,583	13.8%	8,321
Operating Costs	36,989	31,660	37,107	38,167	2.9%	1,060
Salaries and Wages	441,774	263,798	249,988	304,443	21.8%	54,455
Total for General Fund - City	856,302	387,169	406,926	693,395	70.4%	286,469
Special Revenue Funds						
Contractual Services	30,000	0	0	0		0
Operating Costs	2,250	0	0	0		0
Total for Special Revenue Funds	32,250	0	0	0		0
General Fund - City						
Contractual Services	0	0	2,179	0	-100.0%	-2,179
Total for General Fund - City	0	0	2,179	0	-100.0%	-2,179
Total for CITY COORDINATOR	888,552	387,169	409,105	693,395	69.5%	284,290

COMMUNICATIONS

Mission Statement:

The mission of the Communications Department is to clearly and accurately communicate information about the City of Minneapolis to key audiences. This includes providing information about core services, the government process, ordinances and regulations, and utilizing opportunities to enhance the image of the City.

Primary Businesses:

- Assist elected officials and city departments with all internal and external communications functions.
- Manage the cable franchise.

Key Trends and Challenges Impacting the Department:

Communications has identified the following significant trends and challenges that impact the department now and in the future:

1. As with all city departments, the limitation of City resources is a significant challenge to the Communications Department.
2. As resources shrink, the workload increases due to media and public scrutiny of city services and allocation of tax dollars.
3. In addition, during difficult budget times, effective communication with our employees and other internal audiences is essential.
4. We need to work to overcome the territorial instincts of some departments as we move towards a more coordinated communications model for the City.
5. A second internal challenge is significant disagreement among elected officials regarding expectations of the Communications Department.
6. Technology is advancing rapidly and we need to advance with it. It's essential that we move steadily towards computer-based communications, reaping savings and efficiencies in the process.
7. Competing for limited resources from other levels of government, as well as the private sector, is becoming more challenging for the City of Minneapolis.
8. And finally, communicating with an ever more diverse population requires making special efforts to reach residents who speak English as a second language.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

- Clarify policy regarding expectations from Communications Department.
Objectives:
 - Best practices study (third quarter 2004)
 - Council study session to present recommendations (third quarter 2004) with implementation of any changes to take place in 2005
- Strengthen department role in advancing use of computer/Web-based communications.
Objectives:
 - Clarification of Web content policy and Communications Department role in oversight (third quarter 2004)
 - Training for staff (second quarter 2005)

- Examine benefits of merging government and public access cable facilities.
 - Objectives:
 - Analysis of economic benefits of merger - initial examination suggests efficiencies would save between \$300,000 and \$350,000 annually (third quarter 2004)
 - Analysis of quality of service benefits - merging of resources could offer opportunity for enhancement of both government and public access products (third quarter 2004)
 - Study session to present recommendations (fourth quarter 2004 to first quarter 2005) with policy and budget decisions to take place in second quarter of 2005

- Establish community engagement function in Communications Department.
 - Objectives:
 - Process for designing function and creating job description for position (third quarter 2004)
 - Outline ultimate budget impact, if any (fourth quarter 2004)
 - Define desired outcomes (fourth quarter 2004)
 - Work plan to achieve desired outcomes and performance measures (fourth quarter 2004)
 - Complete analysis of funding programs for neighborhood organizations (second quarter 2005)

- Address audience diversity and language issues.
 - Objectives:
 - Protocol for evaluating appropriate number of languages to accommodate when publishing, posting on the web site or producing video (fourth quarter 2004)
 - Work plan (first quarter 2005)

- Continue to prioritize and capitalize on the consolidation of communications functions.
 - Objectives:
 - Improve citywide consistency in response to media inquiries by handling increasing numbers of media contacts through the Communications Department and by providing media training to staff citywide (ongoing)
 - Audit City Web site pages for level of collaboration with Communications (ongoing)

- Further prioritize and eliminate functions to effectively and efficiently serve our mission.
 - Objectives:
 - Clear criteria for graphic projects and video productions to ensure they are appropriate city business (first quarter 2005)
 - Evaluate and modify video productions/programming to more effectively further department mission (ongoing)
 - Evaluate and modify graphic products to more effectively meet department mission (some graphic materials may be eliminated) (ongoing)
 - Relocate the pay phone oversight function to Regulatory Services or eliminate phones from city right-of-ways (first quarter 2005)

- Strengthen the proactive city image-enhancing function of Communications.
 - Objectives:
 - Fill existing vacancy with candidate possessing appropriate skills (first quarter 2005)
 - Redirect some staff efforts
 - Explore stronger alignment with GMCVA to address marketing/event planning needs of some departments (first quarter 2005)
 - Explore alternative models (outsourcing) for service around event planning, stakeholder communication involved in the development function of the city

Primary Business: Assist elected officials and city departments with all internal and external communications functions

Description of Primary Business:

- 1) Communications planning
- 2) Media/public affairs
- 3) Providing strategic communications guidance
- 4) Oversight of citywide communications materials
- 5) Proactively enhancing the image of Minneapolis

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 estimated	2005 Projected
More effectively communicate about city services with residents not proficient in English - improve on baseline in video/ website/ publications	na	na	na	Created monthly show, "Access Minneapolis" in 3 non-English languages; produced multi-language videos on 9-1-1 and snow emergency	Work w/LEP targets and increase multi-language communications accordingly
Increase in proactive promotion of City accomplishments - Tracking mechanism being designed to quantify positive media exposure	na	na	Effort was begun to take advantage of opportunities to promote and/or enhance city image	This year the department began clipping and tracking media coverage and will tally at year end	Communications anticipates filling vacancy with candidate possessing marketing experience and collaborate with GMVCA
Increase government cable access audience by broadcasting material that is relevant and compelling; focus on information about core services; target non-English speaking viewers - survey for #'s	na	na	na	This is the first full year video services has been part of Communications. Have eliminated about 20% of programming and replaced with core service oriented material	Again, goal is further reduction of less relevant programming and increase in targeted, non-English material
Reduction in the number of publications and improvement in quality of publications - Staff has baseline on number of publications historically produced per department and will track annual reduction;	na	na	Publications policy developed and baseline established	Publications resolution passed and policy put in place	The goal for 2005 is to reduce publications by another 15-20 percent and to promote web publication by departments
Improved Communications staff response rate to writing/editing/ media needs of client departments - Annual survey of internal client satisfaction rates to be conducted; staff assigns deadlines to project	na	na	na	Staff from every function within department - video services, public affairs, publications, graphics - will conduct client satisfaction surveys after every project - goal 85% satisfaction	same with 90% satisfaction rate
Successful production of citywide annual report - Annual report is to be produced by deadline and under or on budget; the report will also be evaluated by focus groups comprised of residents	na	na	na	Completed award-winning report on time and on budget	same as last year

Primary Business: Cable Franchise Management

Description of Primary Business: Oversight of the city's cable franchise which involves the handling of complaints about service and working out solutions with the provider, and negotiating the new franchise agreement.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 estimated	2005 Projected
Successful franchise renewal negotiations	na	na	na	fourth quarter 2004 or first quarter 2005	new franchise agreement in place

Financial Analysis:

EXPENDITURE

The 2005 expense budget for the Communications Department, which includes Public Affairs, Graphics, Video Services and Cable Regulation, is \$2.38 million, a 13.1% increase over the 2004 Adopted Budget.

The budget for this department includes \$179,000 in BIS charges calculated on a city-wide rate model and \$2,300 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Communications budget is \$2.2 million, a 4.5% increase over the 2004 Adopted Budget.

REVENUE

The department's revenue budget has decreased by \$256,000 from 2004. The City's Cable Franchise fees declined by \$200,000 because of reduced cable subscriptions. An additional \$85,000 in revenue will not be collected because of a decrease in publication and sponsorship revenues from the Home Tour.

FUND ALLOCATION

The Communications Department is funded predominantly from the General Fund.

MAYOR'S RECOMMENDED BUDGET

The Mayor recommended an additional \$65,000 for a new Community Engagement position.

ADOPTED BUDGET

The Council adopted the Mayor's recommendations. Additionally, the Communication department's portion of the \$75,000 reduction from the City Coordinator's department to the Police department is \$3,000.

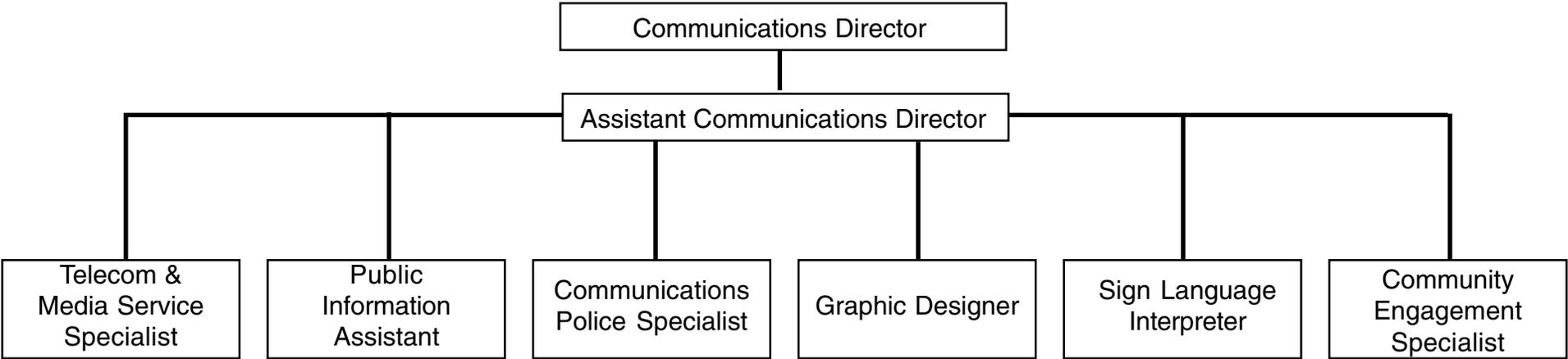
**COMMUNICATIONS
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Communications	7.00	6.80	8.80	10.80	22.73%	2.00
Graphics	4.00	4.00	2.00	3.00	50.00%	1.00
Video Services	5.00	5.00	5.00	3.00	-40.00%	(2.00)
Total FTE's	16.00	15.80	15.80	16.80	6.33%	1.00

Target Strategies:

No target strategies were requested for this department.

City of Minneapolis Communications Department



COMMUNICATIONS
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	241,674	534,117	806,833	1,108,293	37.4%	301,460
Equipment	4,675	98,110	44,621	45,246	1.4%	625
Fringe Benefits	83,715	191,562	229,106	256,001	11.7%	26,895
Operating Costs	41,661	360,334	69,683	71,310	2.3%	1,627
Salaries and Wages	387,322	827,006	957,560	887,142	-7.4%	-70,418
Total for General Fund - City	759,047	2,011,129	2,107,803	2,367,992	12.3%	260,189
Special Revenue Funds						
Contractual Services	0	0	0	15,000		15,000
Total for Special Revenue Funds	0	0	0	15,000		15,000
Total for COMMUNICATIONS	759,047	2,011,129	2,107,803	2,382,992	13.1%	275,189

COMMUNICATIONS
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	0	40	4,600	4,600	0.0%	0
Charges for Service	135,088	6,020	85,000	0	-100.0%	-85,000
Contributions	0	0	297,500	297,500	0.0%	0
Franchise Fees	0	2,125,106	2,200,000	2,000,000	-9.1%	-200,000
Other Misc Revenues	0	34,765	900	6,100	577.8%	5,200
Rents	0	20,042	0	8,400	0.0%	8,400
Total for General Fund - City	135,088	2,185,974	2,588,000	2,316,600	-10.5%	-271,400
Special Revenue Funds						
Contributions	0	0	0	15,000	0.0%	15,000
Total for Special Revenue Funds	0	0	0	15,000		15,000
Total for COMMUNICATIONS	135,088	2,185,974	2,588,000	2,331,600	-9.9%	-256,400

CONVENTION CENTER

Mission Statement:

The Minneapolis Convention Center is the national convention and trade show venue of the State of Minnesota. By hosting events and offering a variety of services, the Minneapolis Convention Center showcases and provides economic benefit to Minneapolis and the surrounding region.

We will provide an exceptional product, in a safe environment, while maintaining the integrity and financial health of the facility.

Primary Businesses:

- Event Services
- Facility Services
- Sales and Marketing Services

Key Trends and Challenges Impacting the Department:

The following is a summary of the Trends and Challenges which have changed substantially since the development of the 2003-2008 Convention Center Business Plan. Areas which have not changed dramatically since the development of our 2003-2008 Business Plan have been included but marked as not having changed significantly. All other trends and challenges have been modified over the last year.

1. Supply and Demand/Competitiveness – FY 05 Update

As identified in the 2004 Business Plan, there are still many underlying factors that remain in place since September 11, 2001. Our competitors are now experiencing many of the same negative factors that are facing the Convention Center. We must continue to develop new lines of revenue production and further reduce the facilities reliance on rental income.

New items of concern have developed and the Minneapolis Convention Center (MCC) Management must expand their efforts to address the past and present risks. These new risks include the following: shrinking state and regional shows, fewer attendee's and exhibitors, a decreasing number of shows, last minute planning/uncertainty, improved inspections process, potential loss of a Minneapolis professional sports team, and increased expectations from our clients and guests.

There is a national trend for National Tradeshows to downsize or merge with other associations/shows with similar interests. The MCC must now face losing shows not due to competition, but due to a merge between competing shows. The potential loss is not only in rental revenue, but the City of Minneapolis Hotels will experience lost revenue based on a decreased number of guests to the Minneapolis area. Additionally, companies are spending less money on marketing their products. Tradeshows participation is down and many companies are combining product lines within the display area to lower their overall costs. There is a similar trend in relationship to attendees. Many companies are reducing costs and limiting the number of employees who can attend tradeshows. This further decreases the overall revenue impact to the City of Minneapolis. We need to continue efforts to increase our revenue potential for each show and attendee that visits the City of Minneapolis.

While there is a trend to merge between shows, there are also a large number of industrial shows that have cancelled. This trend is concerning in relationship to revenue development in the Exhibitor Services area. These shows were the primary revenue generator for this department. With the demise of many of these shows, the Exhibitor Services department is generating revenue at levels well below

those prior to the September 11th and the expansion of the MCC. These Industrial shows provide little profit to the MCC, but the overall economic benefit to the City of Minneapolis is extensive. Additionally, there is a greater amount of uncertainty by event planners. Due to cutbacks and last minute registration by exhibitors and members, tradeshow managers must wait until the last minute with planning details. This places greater stress on the staff of the Convention Center and local businesses. Scheduling of employees and the ability to have flexibility in the workforce are essential to remaining competitive. The MCC must always be in a position to obtain labor at any time with little or no notice.

With the increased demand on our clients and exhibitors, it is essential to streamline the Licensing and Inspections processes. There is a need to have a "One Stop Shop" at the Convention Center in relationship to Regulatory Services. Many exhibitors are traveling from areas around the world and to have a lengthy process to obtain a permit and receive an inspection prior to a show is a competitive disadvantage. There is a need to have an on-site inspector to provide oversight in the regulatory process. The ability to provide a complete licensing and inspection process while on-site at the facility could provide a value-added service to our guests.

The loss of one of the City of Minneapolis' professional sports teams could have a dramatic impact on the facility. Not only could there be a loss of tax revenue to the fund, but an overall lack of entertainment for visitors will have a negative impact on the facility and City as a whole. Having a sufficient amount of tax revenues to the fund to maintain the overall health of the facility is critical. The reduction in entertainment related purchases in the City would have a dramatic effect on the facilities long-term health. The MCC and all the local business would be dramatically affected by the loss of the Twins or Vikings.

"Customers Demand More and Expect to Pay Less." This common theme is being seen throughout the entertainment and convention industries. Clients, Guests and Exhibitors are finding unique ways to reduce their costs and rely less on local services to be competitive. The MCC Management must continue efforts to develop new sources of revenue production. While it is important to develop these revenue sources, it is also important for the cost of these services to remain competitive. Prices must be at or below the competitive market levels. MCC Management must strive to obtain pricing from vendors (Service providers) that are competitive and affordable.

2. Funding

In 2003 and early 2004, we continued to see pressure placed on our funding streams. While significant time has passed since the tragedies of 9/11/01 and the impact continues to diminish for our industry, some of the fallout from the economic downturn which followed is still prevalent.

We continue to see Sales Tax returns to the facility fund, which are far below not only expansion projections, but actual figures from the late 1990's. Additionally, we are just beginning to approach first year post-expansion production for space rental and facility revenue. We continue to attempt to offset these shortfalls through the development of revenue streams and cost containment.

The City of Minneapolis continues to shoulder the full cost of operations and current debt service on the Convention Center while the economic impact extends far beyond its boundaries. Most specifically, the state sees six cents of sales tax return for each dollar spent on Convention Center related activities while one-half cent is returned to the Convention Center fund.

Financial data provided on the Convention Center Fund shows diminishing balances over the next four years. Decreased spending by consumers has provided less revenue than originally projected. As a result of the steps taken by the MCC management to contain costs and cut unnecessary spending, and sound financial decisions by the Minneapolis Finance Department, the budgeted operating loss of the

facility has been minimized. Refinancing our debt service and responsible spending resulted in a small surplus in 2003. While this is very positive in the short term, we cannot rely on interest rates to create surpluses in future years. We must continue to increase revenue and/or further cut costs, to prevent the Fund from diminishing to a dangerous level.

While the Convention Center was originally developed under the direction of being a loss leader, the long-term financial health of the City and the Convention Center Fund forces us to look critically at the overall health of the fund. Future Convention Center financial planning must continue to consider the overall, long-term health of the Convention Center Fund versus the short-term limited view of an operating subsidy. The City of Minneapolis is not in a position to provide operating revenue to the facility now, or in the foreseeable future.

3. Security - No significant changes from 2003-2008 Business Plan

As international tensions continue and the potential for terrorism grows the need for security increases particularly in a public assembly facility with national and international exposure. The response to these potential threats continues to impose additional security costs. This will happen at the same time that revenue may dip due to the current economic slump and widespread travel fears.

ID cards/badges are the most basic and necessary security tool in the struggle against terrorism. Properly managed, this one item can greatly reduce the risk of unwanted access to our facility. The strict enforcement of this procedure and the resultant visible increase in security preparedness will help increase the perception that the facility is a 'hard target' and much less accessible to potential terrorists.

In addition to mechanical access control, there is a significant and more important aspect in human intervention. The number of security employees necessary to respond to the increased threats escalates in proportion to reported terrorist activity and credible threats present. Client and guest service is an essential element of our mission and these expectations require officers in very visible locations as deterrents. Additionally, the judgement and intelligent decision processing with human observation is key and cannot be achieved with equipment alone.

The front of the building (glass wall and lobby areas along Grant Street) is particularly vulnerable to threats from ready vehicular access. Client requests for use of the Plaza together with large multi-site events utilizing the plaza and Grant streets for large number of pedestrians to move freely "within their event" presents a concern for public safety. At times, regulating access to Grant Street from 1st Avenue to 12th Street would enhance security and provide a higher level of service to meet our client's needs.

4. Technology

One of the fastest moving and least predictable issues the MCC faces is technology. Fast-paced innovation in both our industry and business in general has resulted in greatly heightened customer awareness of leading edge technologies. The effect on the MCC is two-fold – demand for older technologies decrease while highly demanded newer technologies need careful examination.

This customer awareness of fast paced innovation in communication technologies has greatly increased their expectations. The advances in internet/intranet and global telecommunications have affected the corporate world as much or more than any other segment in society. Our core customers are often leaders in advancing technologies and their increased expectations are changing service demands. These changes may have a negative impact on our existing revenue streams. The MCC must consider implementing newer technologies to capture new revenue streams. Increasing cell phone usage drastically decreases demand for our landline telephone service while opening opportunities to examine offering other, cell-0related, support services. When the Convention Center

was conceived, the Internet was not a business concern. It has now greatly changed the way our customers communicate. With increasing high bandwidth technology, huge quantities of data in all forms including audio and video can be transmitted throughout the world with simply a keystroke. Although these innovations are becoming the customers' expectations, these technologies are advancing so fast that they can often be obsolete before they have returned their capital investment.

The line between corporate presentation and concert production technologies is blurring. Realizing the increasing customer demand for concert level production technologies, the MCC is continuing to incorporate them not only in our new, state-of-the-art auditorium but also throughout the rest of the facility.

In order to offer services that will be utilized and create a satisfactory return on investment, we must continue to carefully examine new technologies in all of these fields, as they become available. There are options as to how we ensure these services are available to our customers – by providing them internally, through partnership with vendors or allowing the use of outside providers. The decision as to the course we take with each technology has to be driven by the balance of potential revenue versus installation, maintenance and personnel training costs while factoring in the overriding concern of providing convenience and service to our customers.

Technology concerns impact our clients not only directly through their expectations of available services, but indirectly through our ability to provide good service of all types. During 2004, we have identified some weaknesses in our technology systems infrastructures that will need to be addressed. These include our internal radio system which has become congested with increased staff and contract vendor personnel. The fiber-optic capabilities of the existing structure need to be upgraded to equal the expansion. This now includes our internal LAN network which will shortly be out-paced by the upgrades to our desktop PC's, switches and hubs over the next 2 years; all of which will operate at higher speeds than the existing internal LAN structure is capable.

5. Customer Service Expectations

The MCC continues to face a major challenge as the increased surplus of rentable space and the increased expectations of clients, demand the MCC to be more responsive to remain competitive in the convention center market. The major question is how can the MCC distinguish itself from the other venues and provide added value to the customer. The continuing glut of Exhibit Space combined with increasing expectations has begun to cause some of our competitors to fall behind and while this remains a threat to our facility, it may also present opportunities.

In 2003 and early 2004 we have seen the development of several new trends. Perhaps the most significant change is the diminishing lead-time for decision-makers at all levels. Shows are booking much closer to the date of their event, and still demanding a high level of service and responsiveness.

We continue to see increased demand to modify Permits for Occupancy as show management companies become more intertwined with associations and we pursue more corporate business. The same factors are also driving higher expectations for service at a lower price. Within our industry, there is a growing feeling that everything is negotiable which has made diversity of services even more important. As we have begun to assume more connection to our customers on ancillary services such as event security, police, A/V, and a variety of labor, we are pushed to continue to distinguish our product from our from that of our customers.

The growth of corporate customers as a market segment will continue to drive greater expectations and demands for responsive service.

Our push towards one-stop shopping has allowed us to meet the needs of many more corporate clients as we continue to see this segment of our business grow. We started this push to consolidate billing and services several years ago, but are now seeing this evolve into an expectation of customers through association educational sessions and communication with fellow facilities. By assuming the responsibility for a wider portion of our customer experience, our team has become more intertwined with our customers which is leading to stronger relationships, but increasing demands on our staff to provide exceptional service and to take responsibility for the overall product.

6. Revenue Development - No significant changes from 2003-2008 Business Plan

As referenced in the Economic Environment Section, beginning with the Terrorist attacks on September 11, 2001, the convention industry has suffered greatly. Additionally, there continues to be an increasing glut of exhibit space available due to the ongoing expansion and construction of competing facilities. As a result we have not seen the increase in events that was expected when planning began for an expanded Convention Center. In order to support the long-term health of the Convention Center fund, our business plan must recognize the need to proactively develop new revenue sources and maximize our use of existing revenue streams in order to capture revenue which is currently going to other vendors or facilities.

The Convention Center has an abundance of capacity in its main commodity: space. In 2002, only 992 days out of 1645 potential use days were utilized in the exhibit halls. As space rental continues to account for approximately 50% of all revenue generated by the facility, we must develop a plan that provides solutions that increase occupancy. We will look to explore ways to attract more local and regional business and place a greater emphasis on short-term bookings (those events booked less than 18 months out.) Some potential areas to increase bookings include, increasing our flexibility in making deals, utilizing space for non-traditional events such as concerts or festivals.

In addition to increasing our bookings, we have the opportunity to increase the amount of revenue derived from each event. The Minneapolis Convention Center has traditionally, limited the number of revenue generating opportunities it actively pursues. Many opportunities could be harnessed as part of this business plan including the development of exclusive and preferred relationships that provide revenue to the facility in return for providing additional services. We have begun to exploit these areas through the development of exclusives for event security and medical services. Other known potential sources include a business center, Internet Services Providers, Ticketing Services, and Audio/Visual Services. As part of our business plan, we should also continue to look for new sources. Technology will play a role in revenue generation as we look at revenue streams such as advertising panels and broadband services. In order to help create additional revenue we must continue to look for creative methods for packaging specific services at competitive prices for specific targeted customers.

A large potential revenue stream is available through the development of partnerships. In 2003, we have seen a significant contribution by a local partner in the funding of the art wall. This major contribution driven by one of our long-term partners, the Greater Minneapolis Convention and Visitors Association saved the facility \$300,000. Other potential partnership opportunities exist in facility naming rights, finishing of two large unfinished event spaces on the mezzanine level, and advertising signage/informational displays.

7. Cost Containment - No significant changes from 2003-2008 Business Plan

With the expansion of the Convention Center bringing our total square footage from 800,000 to 1.5 million (an increase in size of 80%), our maintenance and labor costs to service the facility have increased significantly. Through prudent hiring, restructuring efforts and efficiencies of scale, we have contained the initial increases in expenditures, excluding new services, to 40% for labor and 22% for maintenance and utilities.

Over the next 5 year period, the Convention Center will be impacted by a changing labor market, fluctuations in the economy at the local/state/US & international levels, the geo-political climate with resultant effects on travel, potentially increasing concerns with security of facilities and uncertain futures for energy costs. These factors directly drive expenditures for the Facilities department and influence the ability to generate revenue on the Events side.

Regardless of revenue opportunities, cost containment strategies will be needed to manage the subsidy of the facility and contribute to the health of the Convention Center Fund. We will need to track and analyze the labor market to manage changing employee expectations, recruit and screen for successful candidates, and provide proper training with the goal of improving retention of qualified, trained employees. The single largest limitation to controlling labor costs is our inability to adapt our workforce to changing business cycles of the convention industry. We need to develop a large part-time labor force to accommodate the “feast and famine” nature of the business.

Depending on market conditions and economics, we will need to accommodate either a great many more clients with proper maintenance of a heavily used facility or develop plans to accommodate significantly fewer clients and save wear and tear on sections of the facility that are not needed. Careful analysis will need to be done to determine the feasibility of closing-off sections of the facility during potential major down turns in the business cycle. We also need to manage the increasing need for maintenance and repair of the existing facility (which will age from 13-18 years during this period) along with the appropriate capital planning for the expansion which will age from 1-6 years. The capital cost per square foot for the existing facility has risen from \$.18/sq foot in 1993 to \$.66/sq foot in 2003. Prudent preventive maintenance will be required to contain long-term deferred maintenance costs which can escalate unnecessarily with ‘minimal maintenance’ schemes.

Prudent stewardship of this facility and the Convention Center Fund will drive policy decisions over a wide basis that impact cost containment in many areas other than maintenance of the structure itself. Examples of this include:

- How well we operate and control risks will affect our property insurance rates.
- How well we manage client expectations and utilization of the diverse areas of the facility will affect our energy usage.
- How well we train and develop our workforce will impact the wear and tear and subsequent maintenance costs of our equipment.

8. Economic Environment - No significant changes from 2003-2008 Business Plan

As part of our environmental scan, the Convention Center staff identified the need to look at the effect of the economy on our facility. We currently face many external variables that are impacting our business.

The stagnant economy has impacted the percentage of occupancy for similar facilities since the fourth quarter of 2001. While September 11th pushed the economy strongly downward, many indicators showed that the rate of growth had already begun to shrink during the second and third quarter of the year. The convention and trade show business is directly impacted by the overall confidence that corporations display at any point in time. During periods when confidence is low, we see a decrease in the amount of authorized travel. As corporations have become skittish, we have seen many shows request smaller space. In some cases, we have experienced the cancellation of long-running shows. Overall, the struggling economy has created some facilities to change the competitive landscape by reducing rates or waiving charges for some services.

As unemployment rates have risen, and many companies have tightened their belts, our customers have seen a steady decrease in their disposable income. This tends to directly impact our public

shows and was directly demonstrated in slightly decreasing public show attendance in the first quarter of 2003.

The best way to describe the economy since 2001 is uncertain and nervous. This uncertainty is manifested in the delayed decisions of many show managers. The unabashed optimism that drove the dot.com boom has swung to a lingering uncertainty fueled by the long running war on terrorism and the Iraq Conflict.

The target customers of the Convention Center are deeply affected by local, national, and in some cases, international economic trends. We continue to see their uneasiness manifested in shorter-term decisions, and need for flexibility.

9. Labor Workforce

In 2004, we have continued to see progress in the area of working with our workforce. Over the last several years, significant improvements have been achieved in the area of employee turnover. Through the process of our reorganization from 2000 to 2003, we modified department structures, and shifts. In the process we eliminated a problematic swing shift used by the non-defunct Housekeeping Department. Early in 2004, we reached goal numbers for span of supervision developed in our Workforce planning project at 6.0. These gains are reflected in two major areas, turnover and employee satisfaction. The gap between employee expectations and performance has been cut in half over the last six years as measured by our annual employee survey. In 1997 the gap between expectation and reality for the statement "The MCC is a good place to work" was 0.97. In 2003, the gap for the same statement was 0.40. The facility Turnover Rate in 2000 was 28.3%. In 2003, the number was 15.1%. Perhaps most significantly within our OMS classification, the single largest classification of employees at the Convention Center, we have seen turnover drop from 116.7% in 1999 to 22.8% for 2004. Against this backdrop, we still face determined resistance from a small group of disgruntled employees. We have faced several Affirmative Action and EEOC complaints through 2003 and 2004. As of June 2004, we have eleven open or recently closed non-grievance complaints. Seven of those were by or on behalf of three individuals. Five have recently been returned as unsubstantiated with the rest at various stages of investigation.

Flexibility in the workforce continues to be a challenge as we adapt to changing event cycles and the inevitable ups-and-downs of the event-driven staffing. Continuing to cover all flexible staffing needs with the existing labor model is resulting in excessive overtime. This is difficult for our workforce and expensive. In 2004, we began utilizing more intermittent employees within our custodial operation. Through May 2004 our overtime was down by approximately 291 hours total compared to the same period last year. This figure includes an additional 556 hours in show production overtime which is necessitated by customer demands and equipment specialization and is largely billable at a profit center to the facility.

Employee training and development programs for annual and topic-specific issues are underway. Future training and development programs will need to shift focus to the role of employees within the business plan to help them share in the larger vision for the Convention Center. Employees at the line level interact with and make decisions that directly impact our customers every minute of every day. The many small impacts of those decisions and actions speak volumes to our customers on what the perceived mission of this facility is.

10. Regulatory Environment

We are continuing to work to develop long-term relationships with partner departments in the City to meet the unique business needs of the Convention Center in the areas of Information Services, Police and Fire, Human Resources and Traffic Control. We will continue to work with these areas as well as

Public Works Transportation & Parking Services, Finance and Procurement on future initiatives to enhance our competitive abilities.

In 2003 and early 2004, we have been able to initiate efforts to bring a higher level of service to our clients by developing stronger partnerships with our fellow city departments while simplifying billing processes for those departments. We are continuing to see issues with shaping life safety policies related to the changing nature of our exhibits. We have also experienced several issues in providing banner opportunities to our customers on the face of the facility. We are currently receiving strong cooperation from the agencies responsible for these areas as we work towards solutions which meet the interests of the city and our clients.

11. Branding/Identity/Image - No significant changes from 2003-2008 Business Plan

The brand is a set of facts or beliefs that are perceived in the mind of the targeted customer. The Minneapolis Convention Center needs to develop and establish its brand, communicate who we are and strategically position ourselves competitively in the marketplace. The brand position is a specific description of how the marketer (Minneapolis Convention Center) wants the customer to identify and define the brand -- how the Convention Center would want its customers to feel and think about the Center. Brand awareness establishes a familiarity in the customer's eyes.

- What would be accomplished by a branding study?
- Identifying the leverageable assets
- grasping brand opportunities
- mapping out a competitive landscape
- understanding key target audiences
- preliminary positioning direction

With the recent completion of the MCC's expansion, a concerted effort will take place among the City of Minneapolis, Minneapolis Convention Center Management, and GMCVA to develop a new logo for the Center that will embody the new colors and décor of the Center. The new "look" will be incorporated into all sales and marketing collateral, building correspondence, facility user's guide, etc. Over the course of time, the current logo will be replaced wherever it appears throughout the building. While the new logo is very important, it is essential that this one component of branding be coordinated with the complete branding process that is being conducted by the GMCVA.

12. Event Infrastructure – FY 05 New Environmental Trend

The need for the Convention Center Management and staff to improve the overall infrastructure of the facility in relationship to how we service our clients is becoming increasingly important. The primary concern in this area is the means and methods in which we communicate with our clients, exhibitors and guests. It is increasingly important for us to provide an exceptional product and develop new and improved ways of providing information on the front and back end of events in a timelier manner. We must move from a reactionary position to a position where we anticipate client and customer needs prior to their arrival.

The need for timely and accurate written estimates prior to an event is essential. Due to uncertainty by show managers, they must have accurate information to make informed decisions on what services are financially possible. The present structure of the MCC billing process does not lend itself to timely/accurate estimates. Also, we need to develop a process for identifying costs that are traditionally not considered by our clients until they receive a bill from us. Costs for items such as phones, electricity, seat removal, cleaning costs and other event related expenses need to be clearly identified prior to a client's arrival. Along with estimates, the need for timely final bills is important to our clients. It is very difficult for associations and show managers to evaluate the success of their show until they

receive a final bill from the Convention Center. We need to continue our efforts in improving this timeliness of this process.

Accurate billing is only successful if information entered into the system is accurate. The MCC must develop improved capability to clarify costs once items are identified. Aggressive attempts to obtain accurate event information are needed to provide a clearer level of knowledge for our departments in preparing estimates and final bills. Changes on the show floor can cause additional problems in the billing process. At times, clients are not effectively communicated with in the costs associated with ads on the show floor. MCC staff must also understand that ads on the show floor are only possible when approved by show management. There are large amounts of lost revenue in relationship to show floor ads. Without proper approval, changes on the show floor could cost the MCC significant amounts of revenue.

The need for improved efforts by the Safety department and Guest Service are needed. Efforts must continue by the staff to improve our communications with our clients on the needs for safety programs and the need for Guest Services staff to ensure the safety of the clients, guests and facility. Also, we see a need for clearer communication between the Safety Dept, MFD and the Guest Services department. When there are communication breakdowns between our clients and any one of these service departments, the client suffers. These communication issues cause lost productivity and additional costs for our clients.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Following is a summary of planned action items for 2005 based upon our Key Initiatives. We are including only those items which will receive significant action in 2005. Further information on future years and completed projects will be available within our updated 2005-09 Business Plan.

Key Initiatives

1. Completing Competitive Upgrades

Description

One of the MCC Management's initiatives is to complete competitive upgrades on an annual basis to remain competitive with the ever-changing convention industry. While we have made significant steps to complete our short-term planned initiatives, our long-term forecast requires greater investment in new programs and technology. We have broken this initiative into the following subgroups to better identify our goals:

Technology and Equipment Upgrades

- Phone System Upgrades – With the development of Hall A, we have determined that a new phone system for Cell Phones is required. Presently, cell phones and radios do not work effectively within this area. RFPs for this initiative have been received. Three proposers are being interviewed with an expected contract and installation of system by January 1, 2005. At the present time, no costs appear to be associated with this initiative. Revenue potential is part of the negotiation process and is still to be determined.
- Category 5 Cable/Fiber in Old Building – The original structure of the MCC is not equipped with category 5 cable or sufficient fiber optic cable runs. Presently, the MCC operational staff has pulled in minimal amounts of fiber optic cable to meet some of the needs of our clients. Additionally, the category 3 cable that is installed does not meet the technical needs of new Internet technology. Major portions of this initiative have been incorporated into improvements in infrastructure upgrades as part of the system installation for the wireless solution. Remaining portions of the infrastructure

will be re-evaluated during 2005 for potential upgrade or replacement as needed in 2006 to meet current technological requirements.

- Digital Wall/Marquee's – The MCC has a limited Marquee display system. The existing marquees are 15 years old and do not represent present technology. With the invention of Digital Technology, one initiative will be to obtain new digital wall panels to provide advertising and marquee space for our clients within the facility. In conjunction with the digital wall, the MCC would install digital marquees on the exterior of the facility to advertise and provide useful information to our clients and guests. The initial phase of project has been completed and monitors replaced with digitally controlled video flat panels in the interior North concourse of the facility. The remainder of the interior monitors is funded in the 2005 capital request with an anticipated completion of 3rd Quarter 2005. Development of plans for exterior marquees and digital advertising walls will be included in development of a naming rights proposal for the Auditorium and associated spaces.
- Theatrical Lighting/Audio Visual Equipment/Ballroom Sound System. With the addition of the Auditorium, the MCC has a new area to generate additional revenue for our bottom line through rental of A/V and Lighting Equipment. Lighting and A/V technology changes yearly and we will need to purchase new products on an annual basis to remain competitive. Additionally, the Ballroom sound system is 15 years old and has started to fail and become unreliable. We have received numerous complaints about the sound quality from the system. We are making attempts to make temporary fixes on the system, but an overhaul will be required in the short-term future. This initiative was addressed with the FY 03 capital and the final FF& E purchases for the building expansion. We are projecting annual Repair and Maintenance (R&M) money to maintain state of the art systems within our operating and capital budgets.

Security Upgrades

- Proximity Card Readers – Since 9/11/01, there has been an increased need for greater security within the MCC. Presently, we have been using staffing to assist us in covering vulnerable areas of the facility. This provides great visibility in public spaces. There is still a critical need to secure back-of-house areas from unwanted access. Card readers are needed on the pantries and elevators that access service areas of the facility. The card reader units have been acquired for these areas and installation is currently in progress, to be completed during 3rd quarter 2004. Following the research for this initiative, it has become apparent that card readers should be utilized in most applications for mechanical rooms, pantries, service corridors and storage areas throughout the facility and not limited to the service elevators. The card reader program has been expanded accordingly and these areas will begin to change out in 2005. Capital funding has been designated.
- Additional Cameras – Operating the expanded facility has shown the need for additional coverage in critical areas. This project is currently funded for fiscal year 2005 with an anticipated completion during 3rd quarter 2005.
- Replace old technology cameras in existing facility - The MCC presently uses outdated equipment in the original portion of the facility. This equipment was not upgraded during the construction of the addition to the facility. Many of these cameras are out of date and provide poor picture quality. Furthermore, the visible mounting hardware and cameras allow the potential to track camera movements. This project is currently funded for fiscal year 2005 with an anticipated completion during 3rd quarter 2005.
- Upgrade Parking control equipment to accommodate public sales – Parking equipment was installed during fiscal year 2003. Public parking has been on sale in our ramp since then. Following a year of public sales, we are expanding the sale to automated attendants to cover off-hours. This equipment will be installed 1st quarter of 2005 and funding has been included as part of 2005 capital requests.

Lobby D Escalator removal

- The lobby space located in Lobby D is limited greatly by the need for escalators. We would like to remove the existing escalators to provide greater lobby space. This will allow our clients to have a large, centrally located, registration lobby. Many of our National Clients are used to this setup in other facilities. We believe this will be one more additional sales item to attract customers to the Minneapolis Convention Center. Initial discussions with building architects have taken place. Further analysis will continue in 2005.

2. Actively Move Towards Stabilizing the Operating Subsidy for the Facility and Ensuring the Long-Term Health of the Convention Center Fund

Description

The debt service associated with the expanded facility combined with uncertain economic times continues to place pressure on the Convention Center Fund. One of the ongoing key initiatives for the Convention Center will be to aggressively look for untapped sources of revenue and unseen potential cost savings. Many items have already been actively pursued in recent years. Exclusive Security and Medical Services, development of a full-service auditorium package, partnership with GMCVA to secure sponsorship for the Art Wall, Equipment Rental Package development, competitive cooperation on contracted hard to attract clients, internalization of Police, and Fire Watch Services are some of the revenue generating approaches, we have initiated in recent years. Looking forward we will continue to look at a variety of options for expanding services, building partnerships, and containing cost based upon our stated initiative of ensuring the long-term health of the Convention Center fund. Some identified areas are within our short-term plans including the development of an exclusive ticketing service, build out of unfinished room L101, naming rights, and partnering with the GMCVA to combine our concierge, restaurant booth, TC Tix, and Welcoming functions into one centrally located permanent Convention Center location. Long-term plans will include thorough ongoing reviews of service and equipment offerings, new-business development and active pursuit of partnerships.

Short-Term Initiatives

- Ticketing – Originally Convention Center Staff anticipated issuing a Request for Proposal for Ticketing Services with planned implementation in early 2005. We experienced unexpected delays in hiring the manager overseeing this area. We anticipate developing a ticketing RFP as a primary responsibility of this individual in FY2004 and early FY2005. The majority of this project will be completed in FY 2005. It is anticipated that ticketing services will begin January 1, 2006. The addition of an exclusive ticketing agency will provide a new revenue stream, while allowing better control of our public shows and concerts and improving audit controls.
- Combining Visitor Services with the GMCVA – While the cash impact of this move will be not be as substantial as some earlier proposals, it will allow some economies of scale and help us provide a more desirable level of service to building patrons. By partnering on these services, we will remove some duplication between our organizations. By locating TC Tix in the Convention Center, we will help the GMCVA provide the service to a large group of potential users. Initial joining of operations has taken place in temporary facilities in the lobby of the Convention Center. We are currently working with the building architect to finalize the Visitor Information Center design. Construction should begin 4th Quarter 2004. This project will be completed in early 2005
- Naming Rights – Due to poor general market conditions over the last few years, we placed naming rights research on low priority. As economic conditions began to improve this year, we feel the time is right to pursue naming rights options. We anticipate these discussions beginning in 2005 and have set aside operating funds to explore this item.

3. Shaping Customer Experience

Description

Paramount to the success of the MCC is for the planner and attendee to have an enjoyable experience at the MCC. The ease of conducting business and ultimately the success of each event is our number one priority. The following activities will be pursued to help improve the ease of conducting business, and shape a positive customer experience.

- **Maximizing Parking at the Plaza Parking Ramp**

For many customers of the MCC, parking or the lack of parking (perceived or otherwise) is the number one issue affecting their ability to host an event. Limited parking immediately adjacent to the MCC is at times quickly filled with MCC customers, but also individuals that work in the downtown Minneapolis corridor. In discussion with customers, we have found that in many instances, exhibitors take a majority of the close parking locations and provide limited turnover during events. There are currently no plans to build significant parking ramps near the MCC. Also, given the location of the MCC, there are very few parcels of land available on which to build.

The Plaza Parking Ramp near the MCC needs to be managed in such a way to make parking available for customers of the MCC. Switching from an event rate to an hourly rate will help ensure a quicker turnover of spots and ultimately increase revenues to the City. Working with show management to develop plans for alternative exhibitor parking could provide greater levels of close parking for customers and deliver additional revenue. Beginning 4th quarter FY03, MCC management met with Public Works Parking staff to explore parking services options to better serve the MCC needs. Initial discussions did not reveal any better solutions. MCC management will implement new hourly rate structures for our parking ramp on 3rd avenue during FY2004 to evaluate alternate rate plans. Data from this research will drive further discussions with Ramp operating personnel during FY2005.

- **Skyways**

One of the most valued assets to the MCC is the Minneapolis skyway system. The MCC is connected to virtually all the downtown hotels, parking ramps, restaurants, nightclubs and shopping areas giving the attendees access to all these areas in the ease of the climate-controlled skyway. However, the skyway system does have its challenges. Skyway hours vary from building to building, signage is inconsistent and is not international and security issues are always of concern.

Maximizing the usability of the skyway system could have a significant financial impact as it may assist in booking additional clients that recognize the value of a climate-controlled skyway system that provides them with access to all downtown amenities.

Developing uniform hours or at the very least, developing a system where extended hours could be implemented when needed, is crucial to the success of a meeting or convention. Also, informative signage will reduce the attendees frustration by providing them an "easy to understand" means to navigate the skyway. During 2005, we will work to gain a more representative voice with the skyway committee.

- **Plaza/Grant Street**

The outdoor plaza in front of the MCC is unique to most Convention Centers. Typically, centers are landlocked with very few open areas. The MCC's plaza is over 70,000 sq. ft. of space that may be utilized for receptions, lunches or dinners and entertainment. The plaza can be a highly valued space when clients are determining locations for special events.

In order to make the plaza a more attractive site, the MCC must add better lighting, have electricity available in more locations, invest in more outdoor equipment, update or replace the landscape area and repair any defects in the sidewalk and other structures. Several improvements are being completed in 2004. Additional improvements have been identified and budgeted for FY05 for completion by 2nd quarter FY05.

- **Labor Flexibility/Structure**

Virtually all events that take place in the MCC depend on the use of labor from nearly every department within the building. However demands for labor vary greatly from group to group and the clients for each event rely on the MCC to provide appropriate labor to meet those variable demands.

Because every event presents variable workloads, it is advantageous to have a more flexible labor model than now exists.

The MCC is studying the concept of utilizing part-time staff in order to meet the peaks and valleys of the labor demand. This system would be based on client driven needs rather than predetermined scheduling.

In 2004, we had begun increasing the usage of intermittent employees in the Facility Services Department with some positive impacts on overtime. The MCC will continue working with the Teamster Local #320 Labor Management Committee during FY 2005 to develop better labor model proposals for partial/part-time staffing.

4. Addressing Infrastructure Shortcomings

Description

The Convention Center's primary product is the facility itself, the space that clients rent. The maintenance to preserve its reliability, appearance and functionality is of primary concern. As such, capital expenses along with repair and maintenance comprise 25% of the Convention Center's operating budget on an annual basis. As the facility ages, some systems will require outright replacement while others will simply continue with routine maintenance, perhaps on an increased basis.

The existing technology infrastructure was designed in 1986 and opened for operation in 1991. With the rapid pace of advances in the data world, this infrastructure is now in need of substantial upgrades to maintain a competitive advantage. Today's technology was designed into the client spaces of the expansion but existing areas of the building require upgrades to provide a seamless facility with uniform customer service.

- **Project Management**

As part of our ongoing business plan, our annual capital expenditures will increase markedly over the next several years. The bidding and project management requirements of this work requires substantial oversight. In 2005, we have budgeted for a new position in the Facility Services Department. The position will be created from funded but unused FTE positions and will be responsible for many of the duties previously assigned to an outside consultant.

- **Study Major Finishes**

Publicly visible major finish elements will need to be addressed over the next five years. In spite of routine maintenance, the terrazzo floor system throughout the building is deteriorating in the convention environment at an unacceptable rate and will require extensive renovation or replacement to avoid an unsightly lobby space. Carpet throughout the facility was replaced in 2000

to match the expansion. This carpet was trouble-prone during installation and appears it will require replacement in 3-5 years. There is the possibility of changing to a new carpet system, which would require aesthetic study. Walls, structural steel elements and ceilings of the 4 upper exhibit halls continue the pink color from the original construction on 1989. A major cleaning and repainting with a potential color change to coordinate with the new colors needs to be examined.

Studies of these systems began in 2003 and have continued during 2004. We expect to see the development of a draft comprehensive plan in 2005 with initial funding requests for 2006 and beyond for detailed work involving outside agencies and architects.

- **Telecomm and Data Infrastructure**

The original low-voltage data and telecommunications cable-plants are obsolete. Updated versions of these elements have been incorporated into the expansion spaces and customer usage demands updates to the existing spaces. Other systems suffer similar fates. Our inside event monitors and radio communication systems are due for an update. Pay phone usage has dwindled markedly; cell phone usage is dramatically increased. There are resultant impacts on our infrastructure, which must be accommodated.

In 2004 we began to address a very visible system with an upgrade to the event monitors in public spaces. This upgrade has been started in 2004. The project will be completed during 2005. Radio communications are vital to convention operations. Additional radio channels and equipment will be added to the existing system to accommodate these needs. Additional radios were purchased in 2004. A larger program of radio equipment replacement will take place in 2005, capital funds have been designated.

- **Sound and Lighting**

Audio recording is being enhanced in 2004 with \$52,000 of additional client equipment and upgrades to some of the existing sections with the least options for customer service at this time. This is a portion of a \$1,000,000 multi-year effort to complete the integration of the sound system following construction. The major portion has been budgeted for and will be completed by 4th quarter 2005.

Additionally, \$300,000 has been allocated to capital funding for FY 2005 to upgrade the lighting systems in the existing facility to match the expansion space. This is a continuation of an ongoing effort to remove discrepancies in our ability to serve our customers in different parts of the facility.

Primary Business: Event Services

Description of Primary Business:

This business line encompasses the majority of the interaction with three distinct customer groups; show management, exhibitors, and guests. Event Services includes our in-house and contracted services in three major activities: Show/Client Services, Guest Services, and Exhibitor Services. This primary business is responsible for providing an exceptional product through the coordinated delivery of services. They work with our clients, guests, and exhibitors to ensure that all facets of each show work to perfection.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of Events	547	542	516	520	525
Total Attendance	1,000,500	1,111,513	917,821	1,000,000	1,100,000
Total Equipment, Labor & Utility Revenue	\$2,632,714	\$3,404,634	\$3,786,486	\$4,755,000	\$5,020,000
% of Non-Rental Revenue	51.5%	53.7%	53.5%	55.0%	56.4%

Explanation of Key Performance Measures:

Number of Events and Total Attendance: Events and attendance are demand measures that are not directly controlled by the event services business, but drive the use of labor and equipment and can determine the need for appropriation of additional resources.

Total Equipment, Labor, and Utility Revenue: These revenue streams are directly impacted by the efforts of the event services business function through up-selling, creation of new business lines, rate structures, and the development of package sales. This performance measure shows the overall amount derived from the products of the event services department.

% of Non-Rental Revenue: This percentage measurement demonstrates the ratio of revenue from non-rental sources compared to rental revenue. Historically, rent has composed approximately 50% of Convention Center revenue with fluctuation of a few percentage points. While this measure can and will fluctuate due to rate changes, types of shows and other variables, it can be used to judge the effective marketing of Convention Center's event services product lines. The operating subsidy represents our overall target. A central part of our mission is to work towards minimizing the operational subsidy for the facility.

Primary Business: Facility Services

Description of Primary Business: This business line includes all of the support required to ensure that we have sufficient resources and facilities to properly serve our customers. This department provides key services to all events and is responsible for the long-term health of our facility. This primary business includes all of our Internal City of Minneapolis services, our administrative support, facility safety and security, parking and marshaling operations, and custodial operations. One of the major focuses of this department is the upkeep and preservation of the physical structure and all of our building systems.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Overall Customer Survey Appearance Rating	4.34	4.58	4.45	4.5	4.6
Parking Services Net Profit/(Loss)	-\$201,943	-\$168,290	-\$114,291	-\$55,250	\$22,650
Tallmadge Building Net Profit/(Loss)	\$65,383	\$118,702	\$42,376	\$89,880	\$90,000

Explanation of Key Performance Measures:

Overall Customer Survey Appearance Rating: This rating is gathered directly from Convention Center service surveys. The facility services business function is primarily responsible for all aspects of the appearance of the facility so this value demonstrates the effectiveness of their efforts.

Parking Services Net Profit/(Loss): These performance measures show the overall financial management of the parking facilities during the fiscal year. The net profit/(loss) is also used to determine if employees of the Convention Center will be required to pay for parking during a fiscal year.

Tallmadge Net Profit/(Loss: These performance measures show the overall financial health of the Tallmadge Building during the fiscal year. The Tallmadge property is not a primary focus of the Convention Center management team as it is managed by a private property manager, but effort is put into ensuring an annual profitable return to justify maintaining ownership of the project for potential future Convention Center related use.

Primary Business: Sales and Marketing Services

Description of Primary Business: This is the first point of contact for all business. This primary business is responsible for providing information about the facility, identifying and attracting events, maintaining relationships, and gathering data on how we serve our customers. Through surveys and client interaction, they help shape the overall Minneapolis Convention Center experience. The

majority of these services are provided through the Greater Minneapolis Convention and Visitors Association in coordination with the Convention Center's Executive Management Team.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
National Growth/(Contraction) Rate	na	na	na	na	na
Minneapolis Convention Center Growth/(Contraction) Rate	1.53%	22.85%	2.17%	2.2%	1.8%
Occupancy - Square Footage	73.07%	59.54%	54.80%	56%	57%
Convention Center Delegates	218,100	192,300	190,925	209,400	158,900
IACVB Expenditure per Delegate Factor	\$927	\$962	\$1075	\$1075	\$1075
Delegate Expenditures on Convention Center Events	\$125,545,000	\$184,992,600	\$205,244,375	\$212,630,000	\$168,237,500

Explanation of Key Performance Measures:

National Growth/(Contraction) Rate and Minneapolis Convention Center Growth/(Contraction) Rate

These measures compare the growth or contraction of the volume of Convention Center demand compared to national demand for exhibit space. Please note that we are working with Pricewaterhouse Cooper to gain historical information which we can use to benchmark national growth and contraction. For the time period from 2001 to 2003 our size subset, saw a decrease in occupancy of 10% falling from 61% to 51%.

Occupancy

The occupancy data demonstrates effectiveness in leasing space and the amount of excess inventory available for future years. These measurements are now based on actual use of the space compared to the potential use of the space. Any activity in a space on a given day is considered a single use day. It is assumed that a space is only useable once in a given day. The significant fall off in 2002 relates to the opening of the expansion and is indicative of percentage of space used rather than total space used.

Convention Center Delegates, IACVB Expenditure per Delegate Factor, and Delegate Expenditures on Convention Center Events

These measurements are useful for evaluating the overall economic generation of tradeshow in Minneapolis. Delegates are considered attendees of conferences and trade shows and the figures do not include attendees at corporate, public or ticketed events. The IACVB multiplier is an average cash value spent by each delegate in the market and does not contain any re-circulation multiplier.

Financial Analysis:

EXPENDITURE

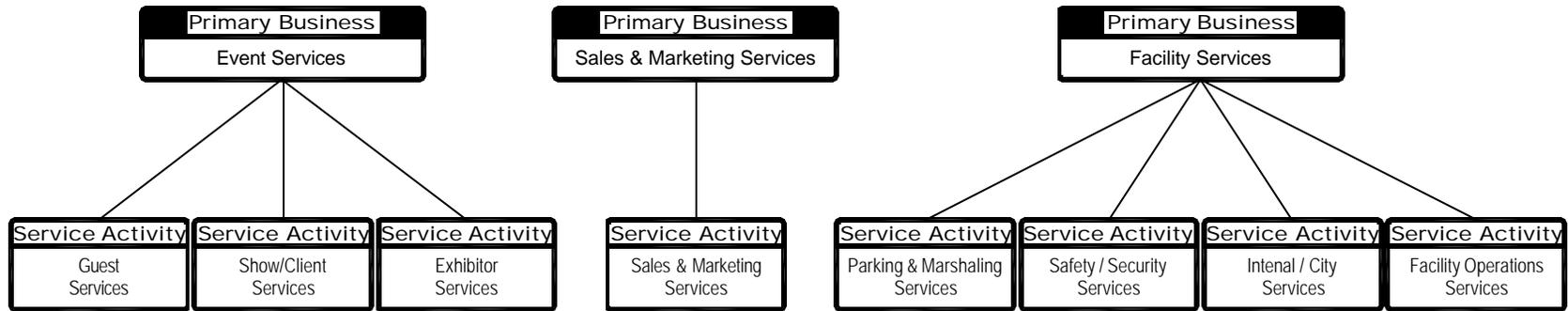
The Convention Center's expense budget will increase by \$1.18 million because of the General Fund overhead rate model developed for 2005. The model replaces various separate charges for indirect costs that were previously budgeted directly in Finance in various funds. It also includes \$239,000 in BIS charges calculated on a city-wide rate model and \$36,100 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Convention Center budget is \$26.6 million, a 15.6% increase over the 2004 Adopted Budget.

For further financial analysis, please review the Convention Center financial plan in the Financial Plans section of this book.

**CONVENTION CENTER
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	213.60	213.60	212.60	211.18	-0.67%	(1.42)

Minneapolis Convention Center Primary Businesses, Service Activities, and Functions



Functions

Event Security
 Medical
 Concierge
 Coatcheck
 Fire Marshall
 Police
 Concessions
 Lost and Found
 Business Center - 8/04
 *Ticketing Services

Functions

Event Coordination
 Production
 Audio/Visual
 Room Refreshes
 Catering
 Event Set-up

Functions

Electrical
 Plumbing
 Telecommunications
 Cleaning
 Internet/Wireless - 1/05

Functions

Soliciting Clients
 Site Inspections
 Hospitality Relationships
 Booking
 Contracting
 Advertising
 Sales Collateral
 Website Management
 Client Feedback
 Internal Goods and Services

Functions

Vehicle Staging
 Parking
 Parking Facility Mgmt.
 Parking Sales
 Traffic Control
 * Off-Site Marshaling

Functions

Life-Safety Monitoring
 Surveillance Monitoring
 Facility Security
 Building Access
 Shipping & Receiving
 Equipment Issue

Functions

Business Information Services
 Human Resources
 Personnel Records
 Risk Mgmt. Reporting
 Training Coordination
 Finance & Accounting
 Administrative Support

Functions

Preventative Maintenance
 Repairs
 Capital Improvements
 Project Management
 Building Systems
 Structure
 Custodial Services
 Grounds Upkeep

* Denotes current areas under review as additional or expanded services.

as of 07/14/04

**CONVENTION CENTER
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Contractual Services	7,662,096	7,872,905	9,165,696	9,919,974	8.2%	754,278
Equipment	900,009	703,376	1,120,450	3,666,825	227.3%	2,546,375
Equipment Labor	1,355	2,844	0	3,000		3,000
Fringe Benefits	1,762,279	2,165,875	2,760,594	2,968,507	7.5%	207,913
Operating Costs	825,886	865,870	1,075,296	1,171,156	8.9%	95,860
Salaries and Wages	6,731,235	7,633,650	8,909,099	9,162,327	2.8%	253,228
Total for Special Revenue Funds	17,882,860	19,244,520	23,031,135	26,891,789	16.8%	3,860,654
Total for CONVENTION CENTER	17,882,860	19,244,520	23,031,135	26,891,789	16.8%	3,860,654

**CONVENTION CENTER
Revenue Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Charges for Service	3,249,272	3,720,144	4,740,000	5,230,000	10.3%	490,000
Interest	-592	10	0	0	0.0%	0
Other Misc Revenues	2,207,830	2,321,293	2,405,000	2,505,000	4.2%	100,000
Rents	5,737,651	6,193,637	6,765,000	7,063,000	4.4%	298,000
Sales and Other Taxes	47,561,747	48,908,092	49,659,000	50,900,476	2.5%	1,241,476
Total for Special Revenue Funds	58,755,908	61,143,175	63,569,000	65,698,476	3.3%	2,129,476
Total for CONVENTION CENTER	58,755,908	61,143,175	63,569,000	65,698,476	3.3%	2,129,476

FINANCE DEPARTMENT

Mission Statement:

We provide financial services that assist our customers in making sound and informed decisions and ensure the City's financial integrity.

Primary Businesses:

Financial Operations – Provide accurate, timely financial information

- Revenue and Receivables Management – Collect and receive revenue and manage receivables
- Payment Processing – Pay employees, vendors and other third parties
- Asset Management – Manage and preserve assets

Decision Support – Support informed financial and business-related decisions

- Resource Allocation Support – Support elected officials in making decisions regarding source and allocation of financial resources
- Resource Management Support – Support departments in making decisions regarding management of financial resources

Key Trends and Challenges Impacting the Department:

Finance has conducted an environmental scan (also known as a SWOT analysis, for Strengths, Weaknesses, Opportunities, and Threats) to identify the trends and challenges that would be most likely to impact its business lines over the next five years. This scan brought to light several opportunities and challenges that Finance currently faces or may face in the future, including:

- Heightened demand for analysis and decision support by policy makers and department managers due to significant cuts in state aid, declining community development resources, and the advent of 5-year business planning.

Improved quality and frequency of external and management information due to the implementation of new accounting standards (GASB 34) and improved management processes.

The City of Minneapolis has successfully implemented GASB 34, the wide-ranging reform of accounting standards for state and local governments. The current challenge for the City, and for Finance in particular, is to integrate GASB 34 into the City's financial processes and reporting practices. The City's financial management has become a high priority for the Mayor and City Council. Finance has responded to this priority with a realignment of resources to support the City's elected leadership in financial planning and decision-making.

- Integration of development finance functions into Finance.

The creation of the Community Planning and Economic Development (CPED) department requires Finance to transition employees, create an organization to support CPED's operations and management, and meld financial and related business processes. Although the process of transitioning finance-related CPED employees into Finance has begun, significant work remains in this task and in the larger task of organization and alignment.

- Necessary investments in technology infrastructure, including maintenance and upgrade.

Service delivery and the ability to meet Finance's customer expectations are highly dependent upon software systems, equipment and technology infrastructure. Over time, the technology infrastructure of Finance has increased in complexity due to the rapid pace of technological change, a lack of financial resources, and the incompatibility of differing vendor solutions. In some cases, this increased complexity has required the use of workaround procedures, which can cause inefficiencies. Although these processes, systems, and equipment are adequate for current levels of demand, they will not be sufficient to accommodate anticipated increases in customer demand. The issues and challenges presented by current technology are discussed at length within Finance's Technology Resource Plan.

- Business process improvements (simplification, automation, or elimination) to reduce costs and improve customer service.

Finance continually seeks to improve efficiency in order to reduce costs and improve customer service. In particular, Finance will investigate the means to simplify, automate, or eliminate business processes. Potential initiatives include conducting a UB Utility Billing ACH campaign, developing an online payment system, and increasing parking Electronic-payment.

Each of these is closely associated with the significant ongoing challenges that Finance faces in the areas of Workforce, Communication, Information Technology, and Service Delivery. A discussion of these highly interconnected issues follows.

Workforce

Finance's workforce is our greatest asset. Our employees are experienced and dedicated to the department and to the City. However, this strength has been undermined by ongoing retirements and staffing reductions due to LGA cuts. In particular, our resources for financial analysis to support budgeting, business planning, and routine management decisions were reduced in order to preserve basic financial integrity and controls. These losses have reduced the overall knowledge base within Finance and have resulted in service delivery issues.

The losses associated with these retirements and staffing reductions are exacerbated by a number of factors. First, Finance has failed to adequately manage employee cross-training, knowledge transfer, and succession planning. In addition, Finance has under-utilized technology resources that could offset staffing reductions. Although it is uncertain whether further reductions in staffing will be necessary in the next five years, it is inevitable that Finance will lose additional employees due to retirement. Therefore, it is essential that Finance address these issues.

Independent of the losses incurred due to retirements and staffing reductions, Finance has had difficulty meeting current staffing needs. In particular, it has been difficult to recruit multilingual employees and temporary employees. There has also been a lack of qualified applicants to fill certain positions.

Finance is challenged to rebuild our capacity by simplifying processes and procedures. A Workforce Plan seeks to address these and other workforce issues. The Workforce Plan can be found on page 44 of the Business Plan.

Communication

Intra- and inter-departmental communications issues remain. Poor intra-department communication

results in inconsistent provision of information and application of policies. Inadequate communication with other departments leads to a lack of understanding of business and budget processes, under-utilization of available resources, and confusion regarding when Finance should be involved in business and budget processes. Both types of communications issues challenge department efficiency, productivity and cohesiveness, and compromise overall service delivery.

Finance has recently consolidated its personnel to 10 primary locations. While it is hoped that this will facilitate communications both within the department and with our customers, the lack of physical proximity is an ongoing challenge. The business planning process will seek to identify means by which intra- and inter-department communications can be improved. In particular, Finance will explore the use of existing information technology resources to address this issue.

Information Technology

Although existing information technology resources are considered a departmental strength, these resources are under-utilized by department employees and customers. In general, this under-utilization results from a lack of customer and employee knowledge regarding available technology. In addition, the future implementation of technology such as 3-1-1 common call center will present Finance with opportunities to enhance efficiencies and improve communications.

Existing information technology resources can be used to address many of the service delivery issues described above; including decreased staffing levels and communications issues. Finance will seek to increase the use of these resources by both employees and customers in order to meet customer expectations through process improvements and increased user-friendliness.

Service Delivery

Service delivery issues have been discussed in several of the preceding sections, including Workforce, Communication, and Information Technology. In general, the deficiencies noted above – particularly the staffing losses described under Workforce – have affected the relationship that Finance has with its customers, and reduced customer trust in our ability to provide the quality and quantity of financial services and information that they require.

In addition, service delivery issues have arisen from Finance's provision of non-standardized services for individual customers. In the past, Finance has continually adapted its services in order to meet the needs of each customer. Given our current resource limitations, it is impossible to continue to provide such non-standard services. Therefore, the business planning process will be used to better define the scope and services Finance provides departments.

As with every department, financial resources will continue to influence our ability to deliver services. Finance will use the business planning process to identify ways to increase the efficiency and cost-effectiveness of its services. This is particularly important given the current budget environment, as Finance must continue to provide cost-effective services in order to remain competitive relative to external providers.

These service delivery issues are of utmost concern to Finance. The provision of high quality, cost-effective services is the key challenge that the business planning process will seek to address.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Enterprise Level

1. Support business plan implementation of City departments
2. Develop strategies to diversify and increase revenues
3. Integrate budget development and business planning
4. Complete CPED – City integration
5. Increase internal audit resources
6. Strengthen accountability for business lines and service activities through performance measurement

Department Level

7. Train personnel (Workforce Plan)
8. Upgrade information systems (Technology Plan)

Business Line Level: Financial Operations

9. Simplify, automate, or eliminate business processes to reduce costs, improve service, and enable more resources to be allocated to the Decision Support business line and manage within financial resources
10. Implement new investment strategies
11. Train department heads regarding financial responsibilities

Business Line Level: Decision Support

12. Update 5-year financial plans to include all projected City financial resources and demands
13. Incorporate rate models into budgeting and financial planning decisions
14. Develop capital project status reports
15. Simplify and improve the frequency of financial reports to the public
16. Simplify financial procedures and publish on CityTalk
17. Benchmarking performance with other comparable cities

Other Models of Providing Service

During business plan implementation, the Finance Department will evaluate other models for providing service. Models included contracting with private or governmental partners, providing self-service capabilities for customers, or offering services to other governments in the following areas:

- Investment management
- Billing and receivables management
- Financial management reporting
- Financial systems
- Payroll
- Procurement
- Administration of insurance, claims, and loss prevention

Included for each alternative model are an assessment of the current model and options and a discussion of the outcome of evaluation of each alternative service model. An evaluation timeframe and responsible parties are also identified.

Primary Business: Financial Operations

Description of Primary Business: Provide accurate, timely financial information. This business line includes collecting and receiving revenue; managing receivables; paying employees, vendors and other third parties; and managing and preserving assets.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Percent of invoices paid within invoice terms					New measure
Ratio of receivables written off to total revenue	24.3%	1.3%	0.6%	10.0%	10.0%
Percent of departments where chart of accounts is consistent with the business plan	n/a	n/a	n/a	n/a	n/a
Investment rate of return over benchmark	-1.49%	.76%	1.62%	.54%	.37%
Dollar value of claims (workers comp and tort paid)	WC - 4,719,523 Tort - 1,419,335 Total - 6,138,585	WC - 8,104,124 Tort - 369,799 Total - 8,473,923	WC - 6,046,645 Tort - 492,051 Total - 6,538,696	WC - 5,833,096 Tort - 633,320 Total - 6,466,416	Total 7,159,678
% payroll cycles completed on time with 100% accuracy	100%	100%	95.5%	100%	100%

Explanation of Key Performance Measures: The primary customers of this business line are City departments and agencies in the provision of service delivery to support their internal operations. This business line provides the administrative support infrastructure and maintains the processes and procedures through which its customers interact. Furthermore, customers defined within this business line are broad base and not confined only to internal operations. Operational areas within this business line also provide services to property owners throughout the City in the form of utility billing, phone and counter service, and work order management. Services to customers within this business line can also include vendors, claimants, other government agencies, and businesses.

Primary Business: Decision Support

Description of Primary Business: Support informed financial and business-related decisions. This business line includes supporting elected officials in decision-making regarding source and allocation of financial resources, and supporting departments in decision-making regarding management of financial resources. Finance department services lead to good financial decision-making on the part of elected officials and departments.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Bond Rating	Aa1/AAA/AAA	Aa1/AAA/AAA	Aa1/AAA/AAA	Aa1/AAA/AAA	Aa1/AA/AAA
Unqualified opinion and number of exceptions noted in management report	Unqualified (7)	Unqualified (7)	Unqualified (7)	Unqualified (5)	Unqualified (5)
Percent of funds where recurring expenses don't exceed recurring revenues	75%	80%	67%	50%	70%
Percent of departments performing with budgeted revenues and expenditures	75%	80%	exp - 96% rev - 54%	exp - 96% rev - n/a	exp - 96% rev - 75%

Explanation of Key Performance Measures: The primary customers of this business line include the Mayor, City Council, City department and agency management, bond rating agencies, Government Finance Officers Association (GFOA), the State Auditor's Office and taxpayers in Minneapolis. Additional customers include vendors and the media.

Customer satisfaction level is generally measured by maintenance of the City's strong credit rating, continued receipt of financial reporting and budgeting awards from the Government Finance Officers Association (GFOA), and a qualified auditor's opinion regarding the City's annual financial statements.

Financial Analysis:

EXPENDITURE

The 2005 General Fund budget for the Finance Department increased by \$10.2 million, a 136% increase over the 2004 Adopted Budget. The Utility Billing division budget of \$4,473,000 was transferred to the General Fund. This division was budgeted in the Enterprise Fund in the past.

The Finance Department's Expense budget will increase by \$4 million because of the General Fund overhead rate model developed for 2005. The model replaces various separate charges for indirect costs that were previously budgeted directly in Finance in various funds. The budget for this department also includes \$1.67 million in BIS charges calculated on a city-wide rate model and \$31,200 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Finance department's budget is \$18 million, a 1% decrease from the 2004 Adopted Budget.

Federal and CDBG funds have decreased in 2005 because two finance positions supporting the Minneapolis Employment and Training Programs (METP) are no longer directly funded by grant funds and the METP program has been moved from the Health and Family Support Department to CPED. Also for 2005, an additional \$25,000 was added to Administration for an office Intern.

REVENUE

General Fund revenue decreases by \$2.1 million to \$47,600 for 2005. This revenue was moved to a centrally budgeted agency to eliminate activity in the General Fund. The revenue for Federal and State funds has decreased to match corresponding appropriation reductions in these funds.

The Finance Department's revenue budget also reflects a decrease of \$6.8 million from 2004 due to the General Fund rate model. This decrease is offset by a corresponding increase in centrally budgeted overhead within the General Fund.

MAYOR'S RECOMMENDED BUDGET AND ADOPTED BUDGET

The Mayor's Recommended Budget eliminated one position in the Treasury Division of the Finance Department and reduced non-personnel by \$245,000 for a total savings of \$320,000. The Council concurred with this recommendation. Additionally, funding for a Deputy City Coordinator position was reallocated from the Finance department to the Coordinator's department. The Finance department's portion of the \$75,000 reduction from the City Coordinator's department to the Police department is \$27,000.

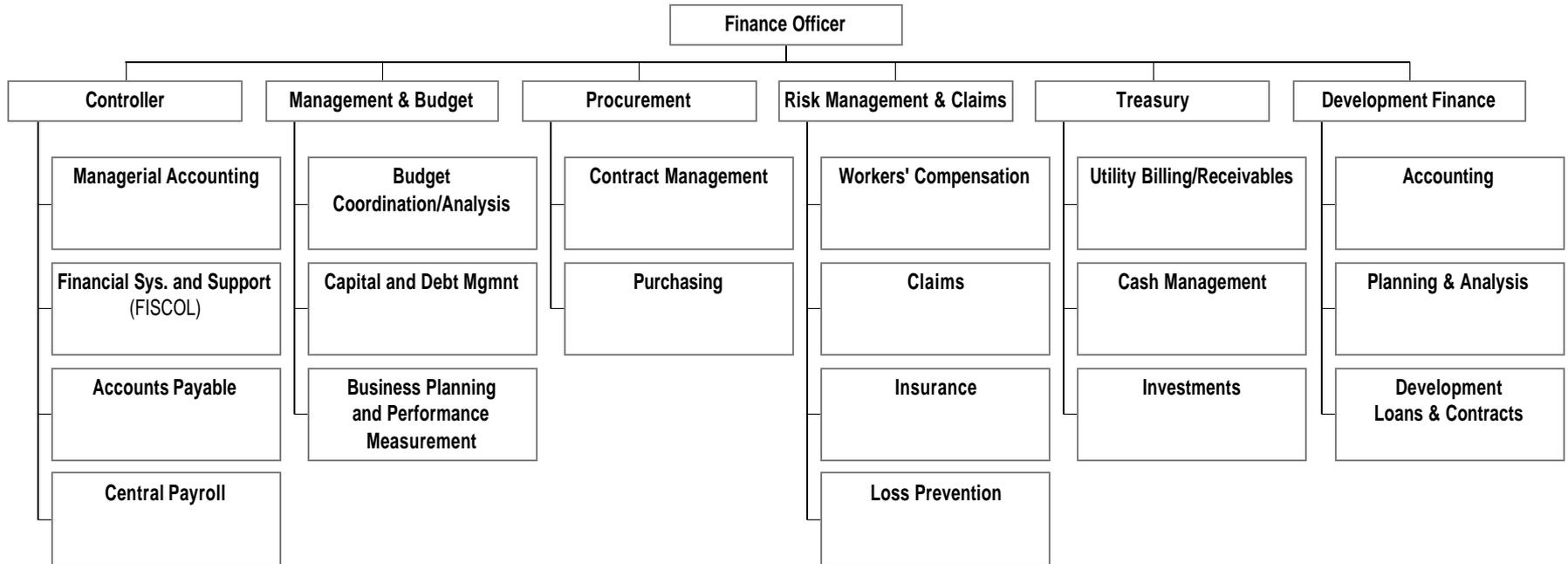
FINANCE
Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Executive	2.00	2.00	10.00	10.00	0.00%	-
Treasury	61.00	61.00	59.00	58.00	-1.69%	(1.00)
Procurement	12.50	10.00	8.50	8.50	0.00%	-
Management Analysis ¹	5.50	-	-	-	0.00%	-
Risk Management	10.00	10.00	9.50	9.50	0.00%	-
Financial Management and Budget ²	112.00	25.00	-	-	-	-
Controller	NA	92.00	97.00	97.00	0.00%	-
Development Finance	-	-	21.00	21.00	0.00%	-
Total FTE's	203.00	200.00	205.00	204.00	-0.49%	(1.00)

¹ Starting with the 2003 budget the FTE's in the Management Analysis Division (MAD) are allocated to the Financial Management and Budget Division.

² In 2002, the Financial Services and Budget Division became two separate Finance Divisions: Financial Management & Budget and Controller. In 2003, the Management and Budget division was eliminated. the remaining employees moved into the Controller division and the Executive division.

City of Minneapolis Finance Department



FINANCE DEPARTMENT
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Fringe Benefits	5,977	7,266	0	0		0
Operating Costs	1,255,798	1,006,363	1,019,744	0	-100.0%	-1,019,744
Salaries and Wages	0	0	0	0		0
Total for Capital Projects	1,261,775	1,013,629	1,019,744	0	-100.0%	-1,019,744
Enterprise Funds						
Capital Outlay	0	0	26,870	0	-100.0%	-26,870
Contractual Services	1,230,001	1,140,390	1,311,704	0	-100.0%	-1,311,704
Equipment	0	0	104,681	0	-100.0%	-104,681
Fringe Benefits	583,809	634,889	688,846	0	-100.0%	-688,846
Operating Costs	1,160,426	1,272,663	1,366,303	0	-100.0%	-1,366,303
Salaries and Wages	2,387,058	2,193,526	2,446,744	0	-100.0%	-2,446,744
Total for Enterprise Funds	5,361,294	5,241,467	5,945,148	0	-100.0%	-5,945,148
General Fund - City						
Capital Outlay	0	0	0	27,246		27,246
Contractual Services	1,519,141	991,331	1,928,471	4,248,777	120.3%	2,320,306
Equipment	17,514	331,723	115,374	217,666	88.7%	102,292
Fringe Benefits	1,409,940	1,308,033	1,769,744	2,954,885	67.0%	1,185,141
Operating Costs	-3,428,519	-3,513,833	-3,461,195	346,282	-110.0%	3,807,477
Salaries and Wages	6,122,703	5,541,327	7,166,493	9,951,604	38.9%	2,785,111
Total for General Fund - City	5,640,779	4,658,581	7,518,887	17,746,460	136.0%	10,227,573
Internal Service Funds						
Contractual Services	617,079	620,826	724,797	803,626	10.9%	78,829
Equipment	0	0	5,167	5,239	1.4%	72
Fringe Benefits	143,686	156,036	260,117	157,922	-39.3%	-102,195
Operating Costs	1,062,761	1,178,816	1,200,711	32,231	-97.3%	-1,168,480
Salaries and Wages	535,681	495,929	586,233	548,295	-6.5%	-37,938
Total for Internal Service Funds	2,359,206	2,451,607	2,777,025	1,547,313	-44.3%	-1,229,712
Investment Management Funds						
Operating Costs	205,026	285,745	0	0		0
Total for Investment Manager	205,026	285,745	0	0		0
Special Revenue Funds						
Capital Outlay	0	0	1,204	0	-100.0%	-1,204
Contractual Services	0	0	94,498	11,191	-88.2%	-83,307
Fringe Benefits	73,811	86,190	61,141	75,009	22.7%	13,868
Operating Costs	223,461	298,468	302,671	0	-100.0%	-302,671

**FINANCE DEPARTMENT
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Salaries and Wages	341,607	338,288	397,976	274,466	-31.0%	-123,510
<i>Total for Special Revenue Funds</i>	638,879	722,945	857,490	360,666	-57.9%	-496,824
Total for FINANCE DEPARTMENT	15,466,958	14,373,974	18,118,294	19,654,439	8.5%	1,536,145

FINANCE DEPARTMENT
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Interest	0	5,112	0	0	0.0%	0
Total for Capital Projects	0	5,112	0	0		0
Enterprise Funds						
Charges for Sales	655	592	0	0	0.0%	0
Charges for Service	3,986,502	3,191,400	4,362,850	0	-100.0%	-4,362,850
Total for Enterprise Funds	3,987,157	3,191,992	4,362,850	0	-100.0%	-4,362,850
General Fund - City						
Charges for Sales	42	243	0	0	0.0%	0
Charges for Service	100,781	66,840	2,167,879	5,500	-99.7%	-2,162,379
Franchise Fees	0	0	0	0	0.0%	0
Interest	41,770	-1,958	0	0	0.0%	0
Local Government	15,000	15,000	15,000	0	-100.0%	-15,000
Other Misc Revenues	1,453	0	0	42,069	0.0%	42,069
Total for General Fund - City	159,046	80,125	2,182,879	47,569	-97.8%	-2,135,310
Internal Service Funds						
Charges for Service	316,773	269,746	342,068	342,068	0.0%	0
Other Misc Revenues	0	191	0	0	0.0%	0
Total for Internal Service Funds	316,773	269,937	342,068	342,068	0.0%	0
Investment Management Funds						
Interest	6,502	-4,961	100,000	0	-100.0%	-100,000
Total for Investment Management Funds	6,502	-4,961	100,000	0	-100.0%	-100,000
Special Revenue Funds						
Contributions	0	0	5,458	41,336	657.3%	35,878
Federal Government	0	0	0	34,330	0.0%	34,330
Total for Special Revenue Funds	0	0	5,458	75,666	1,286.3%	70,208
Total for FINANCE DEPARTMENT	4,469,477	3,542,205	6,993,255	465,303	-93.3%	-6,527,952

HUMAN RESOURCES

Mission Statement:

The mission of the Human Resources Department is to strategically partner with City departments to hire, develop and retain an excellent workforce.

Primary Businesses:

- Provide learning opportunities for managers, supervisors and employees to maximize their development and minimize organizational risk.
- Ensure employees have competitive compensation and positive working conditions while minimizing the City's exposure to liability.
- Manage and provide HR information to City, Independent Boards and Agencies for decision-making purposes.
- Assist departments in designing and developing their organization.
- Provide the City, Park & Library Boards with the timely opportunity to hire diverse, competent employees.

Key Trends and Challenges Impacting the Department:

1. Availability of the Workforce
2. Building/Retaining a Competent Workforce
3. Diversity as a Way of Life
4. Technology (use and future role)
5. Heightened Legal & Regulatory Complexity
6. Fewer Resources, Higher Expectations

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Key Initiative #1: Partner with departments and community members to develop and implement a 5-year Enterprise Diversity Plan so that the workforce represents the community we serve and the City of Minneapolis is recognized locally as an employer that honors and embraces diversity.

Key Initiative #2: During the next five years the HR Department will have created comprehensive, accessible information management systems that will help managers and supervisors efficiently and effectively carry out their HR transactions. Also critical to Key Initiative #1 is having up-to-date, accurate human resources information. This will include having all HR policies and procedures well documented and easily available on the city website in an effort to decrease phone inquiries and regular requests for assistance with procedural transactions.

Key Initiative #3: Increase the capacity of City managers and supervisors so that the City builds and retains a competent workforce. Through this initiative HR provides the tools to help prepare our workforce to take on manager and supervisory roles.

Key Initiative #4: Create a strategic HR function so that our department has the ongoing capacity to provide strategic HR services with limited resources. With this initiative, over the next 5 years we will develop HR professionals who possess competencies in organizational design and development, and change management in order to help the enterprise achieve all City Goals.

Elimination of Services

- HR should no longer be involved in Competency Cards. The department volunteered when Competency Cards were first implemented; however this should not have been a permanent solution. HR recommends moving this task to Regulatory Services or outsourcing this business.
- Providing administrative work for employee membership to the NW Racquet Club.
- Police Department-specific activities would no longer be provided by HR staff, thus reducing the Police HR Generalist Team by one person.

Primary business: Provide learning opportunities for managers, supervisors and employees to maximize their development and minimize organizational risk

Description of Primary Business: This business line is designed to enhance the overall development and effectiveness of the city workforce. Research tells us that employees maintain loyalty to an organization most often because of sound, respectful relationships with direct supervisors and managers, and less often because of wages. This information supports our need to develop and retain highly successful managers and supervisors, a key initiative within HR.

We have noticed an increase in demand for assistance with cross training design and competency/proficiency improvement. While HR doesn't provide department-specific skill building (e.g., legal terminology for legal typists), we do provide assistance with needs assessment, cross-training design, change management, and e-Learning opportunities. The need for these services is heightened due to current financial projections and their effect on our workforce (i.e. layoffs and early retirements).

With the potential for fewer employees, fewer new hires, and a workforce size that is likely to be static for the next three years, these factors call for increased learning opportunities rather than less. This runs counter to the reduction of resources in training budgets, which does not impact individual employees but instead produces the unintended consequence of increasing organizational risk.

Depending on the nature and complexity of services provided, a "fee for service" may be a viable option if the HR Department were to benefit directly. While this is not the system currently in place, the Finance Department is moving in this direction which may provide a means for HR to receive payment for services that require significant resource commitment, such as intensive organizational development and design.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Increase average number of contact hours per FTE 20% from 3.1 to 3.7 hours	4	3	3.1	3.1	3

Explanation of Key Performance Measures: This is a performance measure that should increase, not decrease. Key Initiatives 1 & 2 directly affect this business line. A citywide diversity plan is critical to the organization, particularly for supervisors and managers who must be skilled at managing a diverse workforce. In addition to the Leadership Development Program, HR intends, over the next 5 years to more fully develop enterprise-wide supervisory & managerial training that is directly linked to the selection/promotional process. Fee-for-service models will need to be developed to further both of these initiatives on an enterprise-wide basis. Most other in-person employee development training, previously offered on an enterprise-wide basis, has been eliminated due to resource reductions.

Primary Business: We ensure employees have competitive compensation and positive working conditions while minimizing the city's exposure to liability

Description of Primary Business: This business line provides services to all City Council Departments, divisions, and employees. The business line also provides leadership and services to the independent boards and agencies as they share the City's benefit plans. Though this department is the primary provider of the service and is held accountable for effective implementation, it partners with all departments and unions for effective strategy development and implementation in collective bargaining, contract administration, and benefits.

This business line provides strategic and operational leadership for all of the City's collective bargaining. In addition to the collective bargaining responsibilities, the key service activities essential to this business line are: contract administration, compensation administration, classification administration, benefits administration, complaint investigation, and the administration of the Return-to-Work Program. Human Resources develops and implements this business line through face-to-face interactions with department leadership via our Human Resources Generalist (HRG) structure. We also provide leadership through negotiations and consensus building--usually through labor management committees or informal leadership groups. We provide learning opportunities for supervisors and managers in the area of organizational and behavioral expectations in order to generate standardized approaches to compliance related issues. There is also increased focus on standardizing approaches to critical issues such as compensation, classification, and benefits.

Under this business line, Human Resources is also responsible for implementing workforce reductions in a legal and equitable manner while minimizing the City's exposure to risk. The business line also encompasses the investigation of discrimination and hostile work environment claims, ensuring that all investigations are conducted in a timely and comprehensive manner and that appropriate corrective action is taken.

The most critical City function impacted by this business line is budget planning and development. Future success of this business line will depend on the successful realignment of the Human Resources Department's budget and workforce planning processes with those of the departments we partner with throughout the organization.

There are both internal and external factors that will impact customer demand in this business line over the next five years. Internally, demands for services are expected to increase. With shrinking resources, departments are struggling to retain their managerial authority during the collective bargaining processes and searching for ways to recognize and reward high performance employees while unions seek to reward all employees without regard to performance.

Managers will also seek to obtain more flexibility from their workforce, which will likely result in conflict with unions over work "ownership" and other jurisdictional issues. As our departments struggle to maintain and, in many cases, increase output during times of scarce resources, they are often led to reorganize, giving employees increasingly broad and complex responsibilities. This initially increases the level of confusion and ultimately results in requests for position/classification studies in order to retain compensation integrity. Collective bargaining will become more contentious as these issues are brought into sharper focus.

Continued budget reductions will make it difficult, if not impossible, to effectively meet internal expectations. Currently resources are barely adequate without a significant redesign of the manner in which we deliver services. Our current resources could be more strategically positioned by

effectively utilizing available technology. This will provide an avenue for the dissemination of knowledge; however, converting the knowledge into effective action will still require further development or acquisition of additional employees.

The department also anticipates a significant increase in the level and complexity of both internal and external policies and regulations. Internally and externally, policy development and regulatory impositions will lead to an increased demand for procedural response, investigation demand, and defense.

The local economy will also have an impact on the future success of this business line. Should the economy improve, highly qualified employees will have more alternatives, and compensation and benefits will be a more important factor in employee retention. Should the economy decline, more highly qualified candidates will be available for hire, and departments will seek to eliminate the lower performing employees. These efforts will undoubtedly lead to more grievances and claims of discrimination.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
All collective bargaining agreements are 100% within the guidelines established by the Executive Committee	8	9	8	13	12
Complete reclassification requests in an average of 20 calendar days, reducing the standard by 66% (currently 60 days).	92%	96%	98%	98%	98%
New salary schedules are within 4% of the City's internal pay equity line	100%	100%	98%	98%	98%
All City benefit packages are within 18% health care cost cap	NA	NA	NA	NA	100%
# of sustained complaints regarding compliance with federal and state IRS regulations regarding benefits	0	0	0	0	0
% of City employees express satisfaction with the choice of benefit plans available	93%	85%	NA	70%	65%
% of discrimination & harassment complaints investigated and resolved within 60 days	NA	80%	80%	65%	80%

Explanation of Key Performance Measures: Employee satisfaction with the new benefits plans are expected to be lower than previous years. HR is using our existing resources, before future year cuts, to begin to develop wellness programs to enhance satisfaction. Future cuts will have negative impacts, as these efforts require staff time & resources. HR's ability to meet performance measures for completing investigations within the 60 day timelines is affected by each city departments' willingness to provide continued resources in the form of investigators. Three departments, including one of our largest departments with a high number of complaints, have refused to provide staff investigators, in spite of minimal time commitment.

Primary Business: We manage and provide HR information to City, Independent Boards and Agencies

Description of Primary Business: This business line is designed to deliver HR related information to all managers, supervisors and employees of the City Council Departments and its Independent Boards and Agencies. The data is maintained within the City's HRIS and is provided to HR customers for the purposes of managing the departments' human resource capital and to employees for viewing and updating various personal employment information and benefit profiles.

While a recent survey indicates the level of satisfaction of having access to Human Resource information is at the rate of 75%, the ability to provide consistent information needs to increase to a much higher level.

The demand to deliver HR information to our customers is increasing as witnessed by the increase in employee self-service and leadership requests for data. We utilize system queries, to assist in making more informed decisions. It is anticipated that future demands to deliver e-Performance and e-Learning technology is imminent.

The challenge to continue meeting current service levels and managing and providing information, may be impacted by the current trend of outsourcing the HRIS application technology support.

The HRIS application also relies on additional software applications to gather, receive and/or deliver data, specifically timekeeping and roster systems in the Police, Fire, and Public Works Departments, the Park and Recreation Board, and the City's financial system (FISCOL).

The most critical City functions impacted by this business line are to hire competent employees, maintain employee benefit programs, and pay our workforce. This business line also calculates all labor and employee fringe benefit expenditures and delivers the information to the City's financial system.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Achieve a 5% increase in customers satisfied with data/information provided by human resources to 3.1	NA	NA	2.6	2.7	3.1

Explanation of Key Performance Measures: Key Initiative #2 directly deals with this issue. HR intends to use existing vacancies in Enterprise Services to complete a data map of PeopleSoft over the next 12 months to best use this resource in preparation for further reductions in the following years.

Primary Business: Assist departments in designing and developing their organization

Description of Primary Business: With the implementation of this business line, HR will move away from the control and audit role, and take on a leadership and development role in order to help the organization manage change associated with human resource issues raised by large-scale strategic transformation. This business line is not yet fully developed by HR, but it will be a critical service as we evolve from a transactional department to a strategic leadership service.

Based on professional trends, we expect this demand to increase. Research indicates that organizations want and need more strategic and futuristic focus from HR. With this added focus, HR can add more value to organizations through strategic business partnerships with customers and departments. This new role will emphasize the development of systems and practices to ensure employees have necessary competencies and are motivated to perform at the highest level.

Primary factors that will impact our customers over the next five years will include limited resource availability to develop the organizational development expertise needed to help departments diagnose and strategically redesign their organization. Because of decreasing resources, many departments will need to restructure service delivery, which would likely increase the demand for this service. Labor market trends and the availability of future employees will also require our full participation in order to create an organization that is desirable to prospective employees.

The continued improvement of data-availability should assist us with this demand; however, these improvements also present additional challenges. Given limited human resources, and the capital

required for such improvements and technological advances, we will be challenged in keeping up with technological advances.

Private consultants generally provide organizational development (OD) and design services to city departments. The fees for these services are often quite high. Furthermore, external based consultation supports a silo-based, department-specific approach to organizational change already prevalent within the City. An advantage to having this service provided in-house is to reduce the costs associated with OD efforts, and to have in-house expertise that can view organizational change issues from an enterprise level in order to break down the silos that hinder growth and effective operation of organizations. Both the BIS and Finance departments offer some services to the City of Minneapolis in the areas of process redesign and business planning. In order to maximize the use of City resources, it will be imperative for HR, Finance, and BIS to collectively organize our efforts and partner in our delivery of these services.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
100% of city departments have involved HR in Business Planning Process	77%	94%	100%	65%	50%

Explanation of Key Performance Measures: This is a developmental business line for HR, but an extremely important one for the organization. It is represented as Key Initiative #4 in our business plan, but is supported by all three of the other initiatives. Desired future success indicators include the following items. These will be difficult, if not impossible, with continued reduced resources.

- *HR professionals possess organization development and organizational leadership competencies.*
- *Organizational resources are dedicated to strategic HR work.*
- *HR has a panel of facilitators to help departments with organizational development and change.*
- *HR has an integrated enterprise-wide approach for change management.*
- *HR has an intervention tool for organizational development/change management.*

Primary Business: We provide the City, Park and Library Boards with timely opportunities to hire diverse, competent employees.

Description of Primary Business: The demand for this business line will increase with the City's continued commitment to diversity. Statistics show that Minneapolis is more racially diverse today than at any time in its history and the trend is that this diversity will increase. The City's workforce does not reflect that change. There are many in the labor force that speak little or no English. While many of Minneapolis' minority population graduate and attend schools of higher education, the rate lags far behind their white counterparts. About one-third of Minneapolis' minority population live in poverty and the number of unemployed in the minority community is at least three times that of non-minorities.

There are constraints to accomplishing this business line, however. The lack of diversity in the upper echelons of an organization works against attracting minorities to its ranks at any level as minorities often seek work in organizations that have a diverse workforce. Additionally the last hired, first fired practice as well as rehiring persons from a layoff list before opening positions up to the general public add additional constraints in the City's ability to hire a diverse workforce. Because of these factors, among others, creating diverse candidate pools will increase the demand for HR services.

In general, HR is sole provider of this service in collaboration with the departments; however, at higher levels (department head and some direct reports) consulting firms complete this activity. The real advantages of internal consulting at all levels include in-depth knowledge of the organization.

Based on the work force action plans and its detailed workforce analysis that identify a lack of diversity when it exists, HR interacts with departments by assisting them in writing job announcements, placing recruiting ads, providing opportunity to screen applications, and participating in the initial review process. The nature of the participation of city departments can affect the timeliness of HR service delivery. When consulting firms are engaged, HR provides liaison between the consulting firm and the hiring authority. Additionally, HR provides administrative support and acts as a liaison to any boards or commissions involved in the hiring process.

All City Council departments, the Library and Park Boards are impacted by our ability to timely recruit, advertise and process applications through to the certified list. Delays in our processes or delays in departments' responses in the staffing area could result in loss of the better applicants for the positions. While some delays have been addressed recently by minor changes in the Civil Service Rules, there remain other delays built into the system and collective bargaining agreements that automatically reduce the City's competitiveness.

To remain somewhat competitive, HR has to develop additional strategies to overcome the built in delays, such as our community outreach efforts. If the business line were to be discontinued, staffing would fall on the various departments where little expertise exists to complete the service. This would greatly increase exposure to lawsuits. Ensuring diverse, quality hires is essential to all businesses in the city.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Realize a decrease of 33.77 days (49.1%) in time required to create an eligible list provided "rule of the list" prevails and job bank as well as layoff list eligible positions are excluded	48.5	37	65	70	70
Achieve an average score of 4.57 (5.0 scale) on customer satisfaction surveys for staffing function	4.08	4.5	4.4	4.0	3.5
Percentage of protected class applicants eligible lists	70%	51%	67.9%	68%	65%
Percentage of City workforce that are people of color	18.4%	20%	20%	21%	21%
Percentage of City workforce that are people with disabilities	6.2%	6%	6%	8%	8%
Percentage of City workforce that are women	32.9%	34%	31%	31%	31%

Explanation of Key Performance Measures: Because of reduced resources, we expect a reduction in our key performance measures in this area, particularly as they relate to customer satisfaction. Key initiative #1 supports these workforce measures.

Financial Analysis:

EXPENDITURE

The Human Resources 2005 budget increased 19% over the 2004 Adopted Budget. There is an increase of 11% in the Self Insurance Fund which resulted from moving a position from the General Fund to support the benefit administration functions. This increase will be offset by the revenue from benefit administration fees collected from the beneficiaries.

Human Resources' expenses will increase by \$925,000 because of the General Fund overhead rate model developed for 2005. The model replaces various separate charges for indirect costs that were previously budgeted directly in Human Resources in the Enterprise Funds. The budget for this department also includes \$919,700 in BIS charges calculated on a city-wide rate model and \$9,200 for benefits administration. Both charges were centrally budgeted in the past. Backing these charges out, the 2005 Human Resources budget is \$5.6 million, a 1.5% increase over the 2004 Adopted Budget.

REVENUE

The Department anticipates a slight increase in direct revenue from benefits administration charges.

FUND ALLOCATION

The majority (85%) of the Department's budget originates from the General Fund. The Department also operates the benefits administration function out of the Internal Service Fund (14% of the total). The Department has smaller budgets (1% of the total) in the special revenue funds related to providing services to the Convention Center and to employee recognition activities (funded by proceeds from the "City Store"). The Department allocates a portion of its costs to the enterprise funds (16% of the total), based upon the number of positions employed in those funds city-wide.

MAYOR'S RECOMMENDED BUDGET AND ADOPTED BUDGET

The Mayor's Recommended Budget and Council Adopted Budget included a reduction of 2 Human Resource Associate positions. The Human Resources department's portion of the \$75,000 reduction from the City Coordinator's department to the Police department is \$7,000.

**HUMAN RESOURCES
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	2.00	2.00	2.00	2.00	0.00%	-
Employment Services	30.00	28.00	29.00	27.00	-6.90%	(2.00)
Enterprise Services	15.50	15.00	17.00	17.00	0.00%	-
Employee Services	12.00	12.00	7.00	7.00	0.00%	-
Total FTE's	59.50	57.00	55.00	53.00	-3.64%	(2.00)

HUMAN RESOURCES Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Operating Costs	0	900,000	911,880	0	-100.0%	-911,880
Total for Enterprise Funds	0	900,000	911,880	0	-100.0%	-911,880
General Fund - City						
Contractual Services	781,340	736,090	649,453	1,556,712	139.7%	907,259
Equipment	60,941	0	5,684	764	-86.6%	-4,920
Fringe Benefits	624,656	629,956	725,528	780,597	7.6%	55,069
Operating Costs	301,008	-598,719	-653,188	263,658	-140.4%	916,846
Salaries and Wages	2,804,245	2,704,287	2,969,066	2,924,941	-1.5%	-44,125
Total for General Fund - City	4,572,191	3,471,613	3,696,543	5,526,672	49.5%	1,830,129
Internal Service Funds						
Contractual Services	320,783	233,116	349,870	390,096	11.5%	40,226
Equipment	0	0	3,720	3,772	1.4%	52
Fringe Benefits	77,981	78,998	96,175	97,071	0.9%	896
Operating Costs	9,883	6,176	31,990	32,519	1.7%	529
Salaries and Wages	348,504	255,344	319,310	368,054	15.3%	48,744
Total for Internal Service Funds	757,150	573,634	801,065	891,512	11.3%	90,447
Special Revenue Funds						
Fringe Benefits	12,574	13,651	16,290	17,150	5.3%	860
Operating Costs	10,984	1,023	11,196	11,381	1.7%	185
Salaries and Wages	37,615	38,997	42,156	43,610	3.4%	1,454
Total for Special Revenue Funds	61,173	53,670	69,642	72,141	3.6%	2,499
Total for HUMAN RESOURCES	5,390,514	4,998,917	5,479,130	6,490,325	18.5%	1,011,195

HUMAN RESOURCES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Service	1,717	0	0	0	0.0%	0
Other Misc Revenues	10,788	3,485	7,000	5,000	-28.6%	-2,000
Total for General Fund - City	12,505	3,485	7,000	5,000	-28.6%	-2,000
Internal Service Funds						
Charges for Service	0	0	40,000	1,031,860	2,479.7%	991,860
Other Misc Revenues	41,116	40,427	0	0	0.0%	0
Total for Internal Service Funds	41,116	40,427	40,000	1,031,860	2,479.7%	991,860
Special Revenue Funds						
Other Misc Revenues	4,171	461	10,000	10,000	0.0%	0
Total for Special Revenue Funds	4,171	461	10,000	10,000	0.0%	0
Total for HUMAN RESOURCES	57,792	44,373	57,000	1,046,860	1,736.6%	989,860

INTERGOVERNMENTAL RELATIONS

Mission Statement:

The mission of the Intergovernmental Relations (IGR) department is to serve as a valuable and essential resource for the city in its policy development, priority setting, issue management, grant seeking and government relations initiatives.

Primary Businesses:

- Present a clear message of the policy position and service needs of Minneapolis to the federal, state and regional governments.
- Provide leadership, outreach, strategic planning and direction to City departments and community-based organizations in the areas of grant seeking, writing, and management.

Key Trends and Challenges Impacting the Department:

IGR/GSP has identified significant trends and challenges that will impact the department in the next five years in the areas of succession planning, budget cuts and technology.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

- Intergovernmental Relations (IGR)

After contacting various cities across the country, the IGR office structure varied according to the form of city government. In cities with a strong mayor system, it was found that the IGR function was part of the Mayor's office. In cities with a City Manager system, the function was with the city manager's office. In the city of Phoenix, IGR also designates a full time staff person to grassroots/neighborhood liaison. In many states, the IGR staff actually lives away from their home during session because the Capitol is distantly located.

Consistently our research showed that other cities spend more on federal lobbying than Minneapolis. It is quite common for larger cities to hire several federal firms based on their expertise.

Overall, many cities look to Minneapolis IGR as an example of a well-designed IGR office.

- Grants and Special Projects (GSP)

In the cities contacted, the process of grant application and management is either centralized or decentralized. The functions are housed in a variety of city departments including Finance, Planning or the Mayor's office. Some cities do not have one single contract designee and department heads sign applications and contracts. Several cities provide or hire grant writers for community-based organizations or city departments. Many have "funders' forums" which regularly convene community-based agencies and foundations to talk about collaborative efforts and new programs.

Many cities have staff assigned to research and develop applications for community-based efforts. These efforts are often the result of a community-wide planning process. Usually the city writes the application and manages the money until the completion of the project. Some cities even provide grant-related training to community-based agencies.

Primary Business: Present a clear message of the policy position and service needs of Minneapolis to the federal, state and regional governments. Provide leadership, outreach, strategic planning and direction to City departments and community-based organizations in the areas of grant seeking, writing, and management.

Description of Primary Business: Identify issues and political concerns needing review and decision by the Mayor, Council and Department Heads and offer professional advice on such issues.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Inclusion of Minneapolis Legislative delegation and Congressional representation in accomplishing legislative priorities	Individual and delegation meetings. Several meetings with Congressman Sabo, Senator Dayton and Senator Coleman and their staff.	Individual and delegation meetings. Several meetings with Congressman Sabo, Senator Dayton and Senator Coleman and their staff.	Individual and delegation meetings. Meetings with Congressman Sabo, Senator Dayton, Senator Coleman and their staff.	Individual legislators and delegation meetings. Several meetings with Congressman Sabo, Senator Dayton, Senator Coleman and their staff.	Individual legislators and delegation meetings. Meetings with Congressman Sabo, Senator Dayton, Senator Coleman and their staff.
User feedback	Positive	Positive	Positive		
Special Initiatives	Statewide trips by elected officials throughout MN. IGR chair meetings with delegation and key House and Senate Leaders of MN. Cities convention. Capitol bonding tours.	"Office Hours" Joint Mpls/St. Paul delegation meeting.	"Office Hours" special delegation meetings to go over budget. Increased Delegation participation.	"Open Staff" meetings. Joint Mpls. Delegation meeting.	"Open Staff" meetings. Joint Mpls. Delegation meeting.
Produce a clear, concise legislative package which incorporates team results, reflects City needs and is realistic and attainable.	Limited legislative agenda with very few changes.	Submitted preliminary drafts of agenda to Council Members and Minneapolis Delegation.	Pre-program delegation meeting. Individual Meetings with legislature. Open discussion at IGR. Design Bonding criteria. Issue work teams.	Staff work teams on their area(s) of expertise. Individual meetings with legislature. Bonding package.	Staff work teams on their area(s) of expertise. Individual meetings with legislature.
Success of legislative priorities agenda and completion of comprehensive issue management strategy.	Increase in LGA, LRT	No LGA cut. Success in bonding bill. LRT still on track	Reduced "LGA" cut. LRT funding not form City. CPED Appointed positions.	Maintain LGA. Pass Bond items local bills	Maintain LGA, Pass Bond items if Bonding Bill is considered, local bills
User feedback	Positive	Positive			
Success in retaining and defending local control	Financing LRT, Upper Harbor	Zoning Building Inspectors	MSFC, Zoning, Appointed Positions CPED	Plumbing Inspections local proposals in the legislative package	Special Assessments, Eminent Domain, Crime initiatives
Participation of city elected officials and IGR staff on various boards and commissions to put a face on Minneapolis	AMM, LMC, CJCC, North Metro Mayors, Suburban Mayors, Property Tax Study Group.	Large increase of local participation in all of these organizations.	Elected official participation in LMC/AMM Committee process, USCM committee process, North Metro Mayors, Airport Summit, Chamber of Commerce	Elected official trips to DC in March, NLC in December, LMC in October and June, AMM, LMC Committee participation. North Metro Mayors Assoc.	Elected official trips to DC in March, NLC in December, LMC in October and June, AMM, LMC Committee participation, North Metro Mayors Assoc.

Explanation of Key Performance Measures: The legislative delegation is the primary mover of the City's legislative agenda. In 2005, numerous delegation meetings will be held. The federal lobbyist is in daily communication with the congressional delegation and IGR Staff.

Primary Business: Provide leadership and direction to the City and its departments in areas of grant seeking, writing and management.

Description of Primary Business: Provide leadership and coordination to attract program revenues from external funding sources. Provide administrative management of Consolidated Plan funded projects, Agency 123 funded projects. Locate and distribute information about grant opportunities to city departments and external service providers. Provide assistance to city departments and external providers with the City's approval and contract process. Provide monitoring of some grant-related expenditures.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Percentage of grant-related revenue contributed to City revenue budget.	12.53%	13.00%	14.00%	14.00%	
The amount of money applied for versus the amount of money received.*	More than \$30M received	\$34M applied, \$29M awarded	\$42.5M applied \$49.9M awarded		
Number of participants	15	20	35	40	40
Percent reporting satisfaction with office service	n/a	50	n/a	50	
Grant-related findings and exceptions in government audits	n/a	n/a	0		
Grant User Meetings held	2	6	4	4	

Explanation of Key Performance Measures: Information about grant applications is not routinely sent by all departments to the Office of Grants and Special Projects. It is anticipated that as the awareness of the Integrated Grants Management Process is increased, more departments will inform the office of their applications and their awards.

**Included in the "amount awarded" is the \$12.2M given to the City for Homeland Security Purposes. There was no application process for these funds.*

Financial Analysis:

EXPENDITURE

Intergovernmental Relations includes the budget for the Grants and Special Projects function of the City as well as the Intergovernmental Relations staff. The total operating budget for these two functions is \$3.0 million with \$1 million coming from the General Fund and \$2 million from CDBG.

This department's budget also includes grants to external organizations that receive funding from the consolidated plan, including the Emergency Shelter Grant (ESG) of \$576,000.

The budget for this department includes \$37,900 in BIS charges calculated on a city-wide rate model and \$1,700 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Intergovernmental Relations budget is \$3 million, a 13% increase over the 2004 Adopted Budget.

REVENUE

This department does not generate revenue.

FUND ALLOCATION

The Intergovernmental Relations function is funded entirely from the General Fund, while Grants and Special Projects receives a portion of its funding from Community Development Block Grant funds for efforts supporting the consolidated plan and related grant processes.

MAYOR'S RECOMMENDED BUDGET

The Mayor's Recommended Budget included an increase in IGR's budget by 7%. This increase included \$65,000 for contractual services to enhance the City's intergovernmental relations efforts related to state and federal issues. No additional positions were recommended.

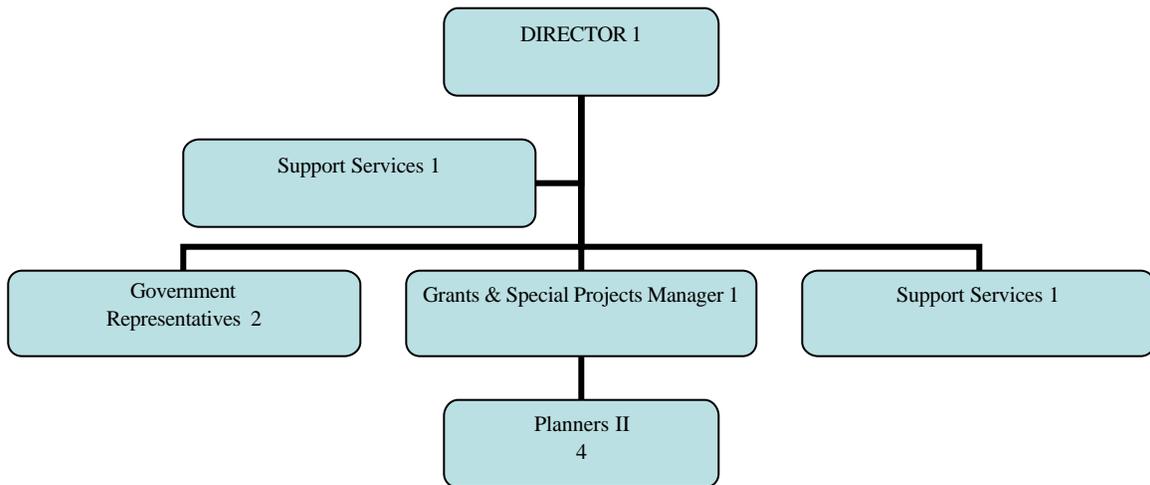
ADOPTED BUDGET

The Council concurred with the Mayor's recommendation. The IGR department's portion of the \$75,000 reduction from the City Coordinator's department to the Police department is \$2,000.

**INTERGOVERNMENTAL RELATIONS
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	% Change
FTE's by Division						
Intergovernmental Relations	4.00	4.00	4.00	4.00	0.00%	-
Grants and Special Projects	7.00	6.00	6.00	6.00	0.00%	-
Total FTE's	11.00	10.00	10.00	10.00	0.00%	-

INTERGOVERNMENTAL RELATIONS AND GRANTS SPECIAL
PROJECTS
ORGANIZATIONAL CHART



INTERGOVERNMENTAL RELATIONS
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	111,724	139,045	139,049	236,936	70.4%	97,887
Equipment	1,546	944	12,200	12,371	1.4%	171
Fringe Benefits	88,004	89,010	102,546	127,429	24.3%	24,883
Operating Costs	61,221	132,645	183,309	183,389	0.0%	80
Salaries and Wages	452,450	457,771	464,176	481,011	3.6%	16,835
Total for General Fund - City	714,944	819,416	901,280	1,041,136	15.5%	139,856
Special Revenue Funds						
Capital Outlay	0	0	0	0		0
Contractual Services	1,252,088	1,658,060	1,504,876	1,746,629	16.1%	241,753
Fringe Benefits	37,941	40,859	50,386	48,899	-3.0%	-1,487
Operating Costs	628	745	0	0		0
Salaries and Wages	193,537	201,356	187,738	195,472	4.1%	7,734
Total for Special Revenue Funds	1,484,194	1,901,020	1,743,000	1,991,000	14.2%	248,000
Total for INTERGOVERNMENTAL	2,199,138	2,720,436	2,644,280	3,032,136	14.7%	387,856

EMERGENCY COMMUNICATIONS

Mission Statement:

The Minneapolis Emergency Communications Center's (MECC) mission is to operate, in a professional manner, a complete public safety answering point and dispatching service for police, fire, and emergency medical service to support the needs of residents, visitors, and businesses in the City of Minneapolis.

Primary Business: Emergency Public Safety Communications Services (MECC 9-1-1)

Key Trends and Challenges Impacting the Department:

Strengths

- Entry level training (for 9-1-1 Operators) is excellent
- Largest 9-1-1 Center in the State
- Knowledge level and skills of employees/supervisors/mgrs
- 800 MHz radio system (interoperability, coverage, clarity)
- Physical plant is newly modernized (and has excess capacity)
- Dispatchers remain cross-trained to do Operator duties when needed

Weaknesses

- Computer Aided Dispatch (CAD) system is outdated ('89 for software; mid-90's for hardware)
- Phone records management system (MagIC) is troublesome
- Staff shortages lead to burnout/injuries (Repetitive Stress Injury)

Opportunities

- Partnerships with:
 - Adjacent agencies for technology acquisition (Hennepin County Sherriff's Office or St. Paul)
 - Adjacent agencies for consolidated service providing
 - Adjacent organizations for training opportunities
- Grant funding/Surcharge funding
- 3-1-1 will relieve 9-1-1 demands (one-third of calls are not dispatched)
- 3-1-1 can be 9-1-1 back-up and overflow center
- Excess physical capacity (unused work-stations)
- Mobile Data Computeers (MDC's) will increasingly decrease demand on "channel 7"
- Off-load some channel 7 duties to 3-1-1 and other departments
- Rotation of personnel between 9-1-1 and 3-1-1 Centers is possible, as is a career progression.
- Can utilize the time/resources spent at "Channel 7" more for other things as the PD increases its use of Mobile Data Computers to directly access drivers' license and law enforcement data bases.

Threats

- Funding
 - E.g. Maintenance contracts go up faster than Consumer Price Index (e.g. 10% increase in '05 for phones)
 - New CAD will have recurring costs, including maintenance contract of ~18% of purchase price
- Grants might dry up
- BIS staff/funding pressures may rob 9-1-1 support personnel
- Surcharge could diminish and probably won't increase
- Security (physical and cyber)

- Back-up facility currently a “bare bones” operation
- Co-location of MECC and City Hall is a potential terrorist target
- HCMC dispatch may elect to use HCSO CAD; result would be the need to transfer 70% of the calls that HCMC dispatches (currently they use the MECC CAD); result would be significant time delay.
- Immigrants unwilling or uncomfortable with contacting 9-1-1 and 3-1-1.

Trends/Challenges (For full narrative see 5-Year Plan)

Trend 1: Technological change is accelerating; resident contact and responder/staff dispatch is also increasingly reliant on technology.

- Challenge: Fund the changes through increases in General Fund and Capital Funds. The minimal 9-1-1 Surcharge revenues (\$~250K annually) will probably not be increasing, but in fact, may be decreasing as more and more citizens move to wireless and/or VoIP technology which reduces the number of "phone" surcharge revenue.
- Challenge: Train people to use the changes (generally) that are and will be occurring.
- Challenge: Stay interoperable and/or standard with City and other agency's tools. This issue is most recognized in the CAD and radio environments. The solution for radio is the advent of the regional 800 MHz system. CAD interoperability, however, is in its infancy. To this end, the CAD acquisition partnership with Hennepin County Sheriff's Office and/or the City of St. Paul are aimed at improving interoperability (as well as saving on the total cost of ownership).
- Challenge: Stay with 9-1-1 industry changes and hope/help the industry stay abreast of user methods. This challenge refers to the aforementioned VoIP trend that has started and may take off like a wildfire. Other, unforeseen, trends such as the shift from installed phones to wireless phones that tripped up the industry over the last 10 years will also come along and cause expense and training investments. One such example already on the radar screen is “smart vehicles” or automatic collision notification (A.C.N.).

Trend 2: Funding becoming increasingly tight (see Finance Plan appendix for details) but, as mentioned above, other traditional sources of funding may also be constricted. Federal grants, relatively available in the 1990's and this decade thus far (e.g. the \$4.2M for CAD), could be severely restricted if fiscal restraint is mandated after the November '04 elections. Likewise, the 9-1-1 Surcharge may be restricted, either because fewer subscribers will be assessed the surcharge and/or because the State will need a larger portion than what they keep now to pay their bills.

- Challenge: Fund the technology changes. As detailed above, technology is becoming more ubiquitous, and even though it is becoming less expensive for yesterday's technology, there is enough of tomorrow's technology to add and thus the expenses persist. A larger share of the budget must be earmarked for technology support/maintenance/upgrading than is now happening.
- Challenge: Fund the people (training and entry requirements) that will cope with tech/training
- Challenge: 7 X 24 staffing is expensive, especially due to the fact that MECC has prescribed “minimum staffing” that we strive for at any given time. That means, as alluded to above, that training involving classroom participation must be done at a time when the participant is not doing their regular duty on the floor.
- Challenge: Budget for an expected 3-year lifecycle for desktop hardware and software and 5-years for server hardware.

Trend 3: Consolidation is looming as a likely issue in the 9-1-1 industry, both here in Minnesota and throughout the country. If/when it can be shown that it is less expensive to consolidate geographical

separate 9-1-1 Centers/jurisdictions into joint facilities and still provide good, safe service. Policy makers will find it difficult to not combine. MECC is not seen as an entity that should be consolidated with another, but some in the surrounding areas are. They might be candidates for consolidating among themselves or perhaps consolidating with MECC. A form of consolidation might include joint purchasing or other forms of partnering on technology purchases, training, staffing, etc. The current effort to partner with Hennepin County or St. Paul/Ramsey County, on the CAD acquisition is a form of this consolidation.

- Challenge: Don't get caught behind the 8-ball. Partner with others for better efficiency and interoperability before a mandate occurs that could hinder or under-emphasize the complex nature of a full consolidation. If Minneapolis is to consolidate, it needs to ensure that the planning is full, methodical and not rushed by political and fiscal imperatives.
- Challenge: Use excess capacity (physical plant) to invite other agencies into the Center to fully utilize the 28 workstations that we now have.

Trend 4: Internal Business Process changes are common and seem to be increasing with new management and new technology in our customer departments. The advent of the new regional 800 MHz radio system brought with it a number of FD on-scene and dispatch changes in radio procedures. Similarly, changes in geographic responsibilities in the police department caused changes in the CAD software and the procedures used by Dispatchers. On-scene or changes in the field processes continue to challenge our ability to keep the technology consistent and accurate for those procedures and to keep the personnel trained and competent in those changes.

- Challenge: Training to keep up without breaking the overtime bank.
- Challenge: Keeping personnel motivated and reducing stress in the face of changes that keep seeming to churn on.
- Challenge: Develop a successful working relationship with the PD and FD so that their operational changes are planned in concert with the technological and training changes needed in MECC.

Trend 5: Homeland Security including physical security and backup issues.

- Challenge: Ensure MECC is secure physically and from cyber-attacks. Cyber security is now a distant concern for the CAD, phone and radio systems because they are all "closed" systems that do not connect to the Internet. That will change with the advent of Internet Protocol Telephony or Voice over Internet Protocol (VoIP). The next generation of both CAD and phone systems will use Internet Protocol almost certainly. Additional challenges regarding hacking, viruses and other forms of cyber-attack will heighten.
- Challenge: Ensure back-up procedures and physical plant is ready. Currently, numerous back-up and business continuity measures exist, but more are needed. For now, a physical back-up center is located at the 5th Precinct Headquarters building and has been shown to be effective and utilitarian for short periods of time. The electronics systems, whether in City Hall or at the back-up site are backed up, but not fail-safe to all sorts of physical or cyber attacks (or "mistake" for that matter). Manual and/or portable systems are available for CAD and radio, but the phone system for citizens to call on may be the least able to be backed up with manual or portable systems. The 9-1-1 phone switches, either at MECC or in the Qwest system could go "down" and calls could still get through on the public telephone system through a process of re-routing or "translating". But, if phones are out at the customer end, the only access to the "9-1-1 system" is for individuals to make their needs known with a visit to Police and Fire Stations (a system

that was discussed and adopted for Y2K and subsequent emergency exercises). A back up EOC is not functional and should be considered in conjunction with other capital projects such as the 3-1-1 Center or the Police/Fire Training Center.

Trend 6: Changing demographics are a reality, both for our own staffing in MECC and for the customers we serve. The population is becoming increasingly tilted toward the over-65 population and is also becoming more and more diverse in increasing numbers of non-English speaking citizens. The elderly are sometimes reluctant to call 9-1-1 for medical concerns because they are not sure they have an “emergency”. More and more non-English speaking residents are reluctant to call the “authorities” represented by 9-1-1 or have trouble communicating their concerns to emergency personnel. Internally and further discussed in the workforce-planning appendix in our 2004 business plan, is the issue of retirement age approaching for many of our Operators, Dispatchers, Supervisors, and Managers.

- Challenge: Provide service and general information to non-English speakers via education and real-time services and direct telephone services through continued use of Language Line, Inc. translators.
- Challenge: Aging workforce will increase retirements. The “corporate memory” that exits with them will need to be replaced with continued training and professional development of the newer employees and future trainees.
- Challenge: Aging citizens will increase medical calls and the ability of ambulance services to respond in a timely manner. The importance of medical pre-arrival instructions will continue to grow and thus the reliance on HCMC and North Memorial Medical Center (NMMC) to provide those services will be crucial. First responder services via the Fire Department should be manageable if fire personnel numbers remain at or near their current levels.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

1. Consolidation or partnering probably is not applicable to General Fund, because suburbs may not join MECC and provide revenues. However, it is still possible that MECC and St.Paul/Ramsey may partner on the acquisition of a new CAD system and thus obtain better interoperability and some economies of scale for the purchase price.

2. CAD upgrade/replacement funding for hardware, software, and implementation phase personnel support will be available from Federal grant money in the amount of \$4.2M.

3. Phone upgrade: Add features and functionality such as ACD, VoIP, 3-1-1 overflow. Funding should be completely available from 9-1-1 surcharge funds. No impact on General Fund dollars.

4. Right-size for 3-1-1: Not applicable in '05 unless 3-1-1 is opened early, at which point MECC can down-size 1 Operator FTE position for every 20,000 call decrease in 9-1-1 calls that occurs (FTE position can be transferred to 3-1-1).

5. Right-size for 5-year budget direction. This is the only General Fund impact. An approximate 1.5 FTE decrease per year is needed to meet the 5-year financial direction. This is absorbable with no material negative impact on operations and/or performance measures for the first 2 years.

Other models of providing services in '05: None needed/anticipated, unless 3-1-1 is expedited and/or the 10% decrease scenario is made necessary.

Primary Business: Emergency Public Safety Communications Services (MECC/9-1-1)

Description of Primary Business: The Minneapolis Emergency Communications Center receives all 911 calls made in the City of Minneapolis, including those from homes (landlines) and most wireless phones within the City. By mutual agreement with the Minnesota State Patrol most wireless calls from highways will first route to State Patrol.

Once calls are received in the MECC the 911 operators determine if a Police, Fire or Ambulance response is needed. If so, the operator enters information into a Computer Aided Dispatch (CAD) terminal, which relays the information to dispatchers. Those dispatchers (Fire and Police in Minneapolis, Ambulance at HCMC and North Memorial) determine and assign the appropriate units based on factors such as type of emergency, location and priority. On some medical calls the operator may transfer a caller to HCMC or North Memorial for pre-arrival medical instructions that the caller may use for "first aid" until the paramedics or EMTs arrive.

MECC also receives calls of a non-emergency nature, some of which still require a police response. Other calls include referrals, including requests for police reports that may be made over the phone through the MPD telephone reporting service. Because MECC is open 24 hours a day other administrative tasks are handled here, including the reporting of missing or runaway juveniles and entry (and subsequent cancellation) of that information into (and from) the National Crime Information Center (NCIC) database.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
9-1-1 Call answer time	5.5	5.8	5.8	6.2	6.5
MECC Response time					
Priority 1	N/A	2m17s	2m18s	2m20s	2m25s
Priority 2	N/A	13m46s	14m31s	15m	15m30s
Priority 3	N/A	16m46s	17m6s	17m30s	18m
Citizen Complaints					
Total	104	105	105	105	105
Sustained	67	64	68	68	68

Explanation of Key Performance Measures: The above-listed performance measures are the salient ones; others of interest are included below.

9-1-1 call answer time is measured each week as the average answer time of all three shifts. It should be recognized that the answer time when call volume is high (typically during the "3 to 11" shifts) is slightly slower. Whereas answer time is slightly quicker during the slower times such as the wee hours of the morning.

MECC response time is the time from call entry (by the 9-1-1 Operator into the Computer Aided Dispatch system) to call dispatching (by the Police/Fire Dispatcher).

Citizen complaints are recorded when a citizen, or an officer or firefighter contacts MECC with a concern. Sustained complaints are those that reveal an error was made by the Operator or Dispatcher involved with the call/incident this is determined after a supervisor reviews the audio tape and computer entries made by the employee.

Complaint summary:

*'00; 34 of 89 (38%) complaints sustained;
'01; 67 of 104 (64%) complaints sustained;
'02; 64 of 105 (61%) complaints sustained;
'03; 68 of 105 (65%) complaints sustained.*

Hiring/Promotion/Retention Statistics

Hiring Statistics - Dispatcher

Year	Hired	Retained
1997	1	0
1998	4	1
1999	1	1
2000	4	3
2001	4	2
2002	0	0
2003	0	0
2004	4	2

Hiring Statistics - Operator

Year	Hired	Retained
1997	19	14
1998	9	6
1999	9	7
2000	12	9
2001	4	2
2002	11	9
2003	6	2
2004	3	3

Promotions to Dispatcher

Year	#Promoted	Demoted	Resigned	# Retained
1997	3	2	0	1
1998	6	2	0	4
1999	5	1	0	4
2000	4	1	0	3
2001	5	2	0	3
2002	4	1	0	1
2003	2	1	0	1
2004	1	0	0	1

Cost per transaction (1,050,351 transactions include calls plus cases dispatched): \$7.71/x-action.

Cost per 9-1-1 call: \$19.14/call (based on total annual costs; budget + capital investments amortization + overhead based on Finance Office models); 90-99th percentile according to a State study conducted in '03 and lowest in Hennepin County based on information in a '03/'04 report on 9-1-1 consolidation.

Cost per capita (based on Minneapolis 2000 population): \$19.48/citizen.

Cost per FTE (based on authorized strength of 90.5): \$89,480/year.

Complaint rate, ~66% of complaints are sustained. Stated another way, 1 in 18,000 calls are defective, a success rate of 99.994%.

Number of incidents/Dispatcher

13,576 (in '02); (actual FTE was 33.13/authorized 40);
 12,902 (in '03); (actual FTE was 31.83/authorized 38).

Number of phone calls/Operator: 647,084 ('02)/36.63 = 17,665
 654,063 ('03)/38.75 = 16,879

Calls received/dispatches (emergency ratio);

647,084/411,342 ('02) = 1.57 (or 63.7%)
 654,063/395,175 ('03) = 1.66 (or 60.2%)

Primary Business: 3-1-1 (deferred until '06 budget cycle)

Financial Analysis:

EXPENDITURE

The Minneapolis Emergency Communication Center's budget is \$6.9 million, a 7.5% increase over the 2004 Adopted Budget. Personnel expense makes up 86% of the department's budget. This greatly restricts the Department's ability to manage budget constraints without personnel reductions.

Non-personnel expenses represent approximately 14% of the department's budget, of which 79% is paid to the City's Internal Service funds for BIS charges, phones, self insurance, parking and benefit administration fees. The remainder is for training, equipment, a contract with Qwest for \$80,000 for memberships, and supplies.

The budget for this department includes \$240,000 in BIS charges calculated on a city-wide rate model and \$15,000 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the Emergency Communication Center's budget for 2005 is \$6.7 million, a 3.6% increase over 2004.

REVENUE

Revenue for 2005 is \$305,000, a 1.2% increase over the 2004 budget. The Department has a \$50,000 contract with Hennepin County to provide EMS call dispatch and CAD services. The Department receives \$255,000 in 911-franchise fees from the state. The spending of this revenue has limitations specified by state statute.

FUND ALLOCATION

Approximately 96% of the Emergency Communication Center's budget for 2005 comes out of the General Fund.

MAYOR'S RECOMMENDED BUDGET

The Mayor's Recommended Budget reduced the Emergency Communication Center's employees by 4 positions keeping them within their five-year financial plan. It also recommended the department's target strategy of absorbing budget cuts through reduced staffing of the MECC's Operations floor for two years, saving approximately \$65,000 per position.

ADOPTED BUDGET

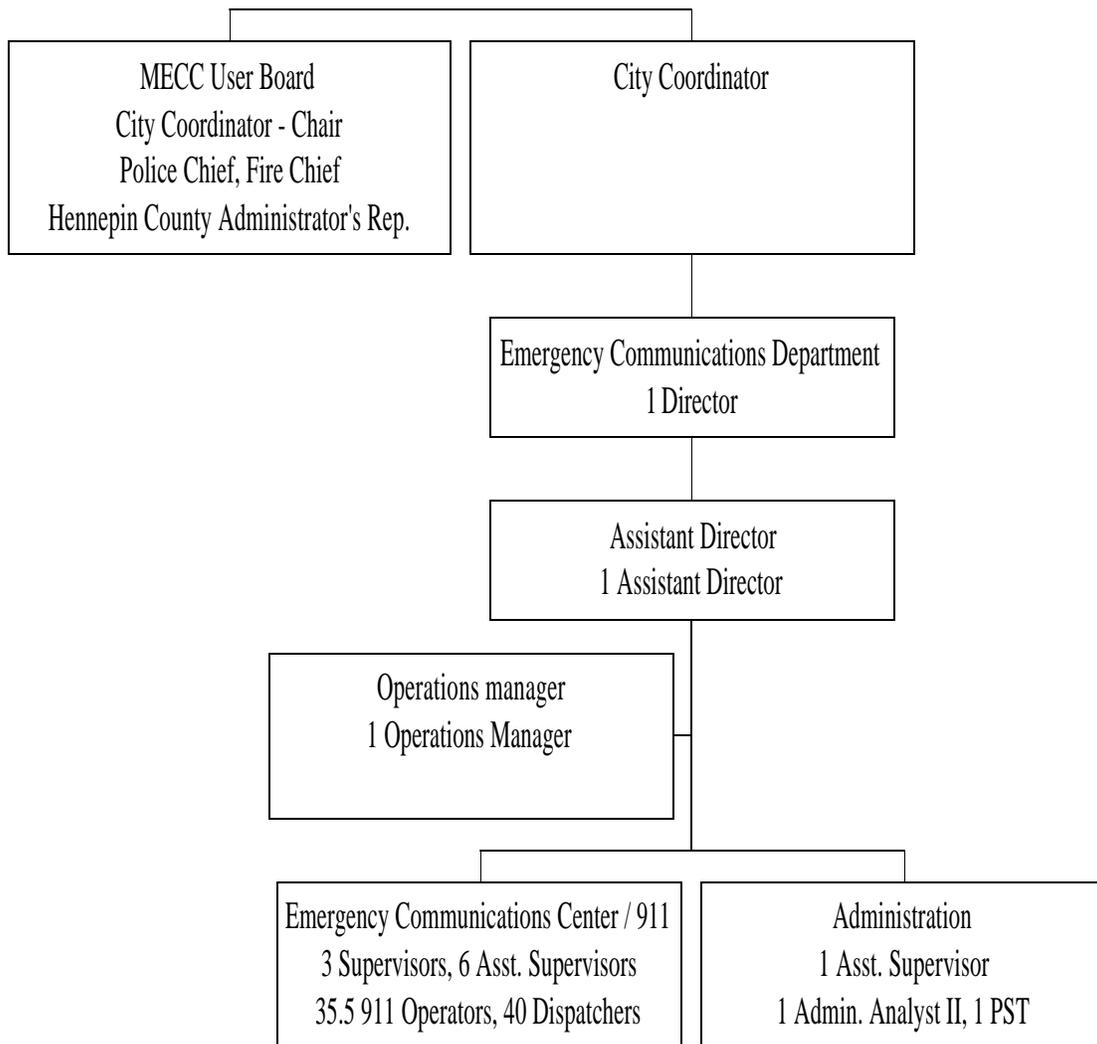
The Council adopted the Mayor's recommendation.

**EMERGENCY COMMUNICATIONS
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	90.50	90.50	90.50	86.50	-4.42%	(4.00)

Emergency Communications Department Organization (Current; 9-1-1 only)

(90.5 FTE)



EMERGENCY COMMUNICATIONS
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	0	0	146,970	409,452	178.6%	262,482
Equipment	0	0	0	9,126		9,126
Fringe Benefits	0	0	1,286,953	1,318,780	2.5%	31,827
Operating Costs	0	0	294,609	302,410	2.6%	7,801
Salaries and Wages	0	0	4,473,343	4,644,098	3.8%	170,755
Total for General Fund - City	0	0	6,201,875	6,683,866	7.8%	481,991
Special Revenue Funds						
Equipment	0	0	251,650	255,173	1.4%	3,523
Total for Special Revenue Funds	0	0	251,650	255,173	1.4%	3,523
Total for EMERGENCY COMMUNI	0	0	6,453,525	6,939,039	7.5%	485,514

EMERGENCY COMMUNICATIONS
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Service	0	0	50,000	50,000	0.0%	0
<i>Total for General Fund - City</i>	0	0	50,000	50,000	0.0%	0
Special Revenue Funds						
State Government	0	0	251,650	255,173	1.4%	3,523
<i>Total for Special Revenue Funds</i>	0	0	251,650	255,173	1.4%	3,523
Total for EMERGENCY COMMUNICATIONS	0	0	301,650	305,173	1.2%	3,523

REGULATORY SERVICES

Mission Statement:

Work in partnership with customers to ensure the livability and vitality of the City of Minneapolis by protecting the health, safety, and welfare of Minneapolis residents, businesses, and visitors, through education and enforcement of applicable laws and regulations.

Primary Businesses:

- Housing Inspections Services – provides quality education and consistent enforcement of the Minneapolis Housing Maintenance and other applicable codes to maintain, improve, and protect the housing stock and the livability of the City.
- Development Review Services – provides quality construction plan review and zoning code enforcement services in a professional, efficient and cost-effective manner while ensuring customer adherence to applicable codes and regulations relating to life safety, health, and livability.
- Construction Inspections Services – provides quality construction inspection services to citizens, businesses, developers, contractors and design professionals to ensure the built environment conforms to applicable codes and regulations relating to safety, health and livability.
- Business Licensing Services – provides enforcement of the City's codes related to business licensing regulation, liquor licensing, taxi regulation, parking enforcement, and traffic control.
- Environmental Services – provides safe food and water, a clean outdoor environment and animal control services.

Key Trends and Challenges Impacting the Department:

1. Local Government Aid
2. Business Cycle, Economic Trends and Market Trends
3. Neighborhood Stability
4. Regulatory Trends
5. Fee Reporting Mandate
6. Technology
7. The advent of State mandated cost recovery in many aspects of local development activity
8. Communicating clear expectations to customers partnering with us to meet development goal and objectives
9. Creating clearly defined roles and relationships within City government and with our customers
10. Providing timely and responsive development services while enabling regulatory solutions that will uphold public health and safety
11. Ensuring accountability and measurable, reliable outcomes

Key Initiatives or Other Models of Providing Service to be implemented in 2005

1. Development Workflow and One Stop Development Review Center
2. Increase Capacity for Housing Inspections
3. Administrative Adjudication
4. Meeting the Construction Inspections Service Gap: Residential Combination Inspector, Remote Inspectors and Risk-Based Inspections
5. Regulatory Reform Initiative with City Attorney's Office
6. Problem Property Abatement
7. Personal Safety/Security

Primary Business: Housing Inspection Services

Description of Primary Business: Housing Inspection Services conducts a high level of structural inspections in an effort to educate and encourage maintenance of the existing built residential owner-occupied and rental properties. Our other primary activity is to ensure premises are inspected for environmental nuisance conditions (i.e. weeds, junk, debris, abandoned vehicles, and hazardous trees) on most lots throughout our City. We do this by responding to customer service requests, routine inspections, and our systematic rental licensing program. We are required to inspect 20% of the rental inventory containing 1-3 units over the next five years. We also manage the annual renewal of rental licenses; encourage involvement of communities through coordinated community engagement programs; administer vacant and boarded building registration; oversee Lead Hazard reduction inspections; and coordinate assessment billing and collection for nuisance conditions, vacant building registration, reinspection fees, administrative adjudication fines, and boarding of buildings that are open to trespass or ordered boarded by the Police Department.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. # of Housing Cases Addressed	51,052	55,382	49,604	50,000	51,000
2. Average # of cases per inspector	1,596	1,731	1,907	2,273	2,318
3. % cases brought into voluntary compliance	58%	55%	58%	60%	60%
4. % cases brought into compliance through admin/judicial action	20%	32%	35%	38%	40%
5. # of reinspections conducted on cases	76,995	82,598	66,740	63,350	60,000
6. Number of 1-3 unit rental buildings inspected as part of the 5-year goal	n/a*	n/a*	n/a*	1,800*	2,600
7. % of rental properties inspected annually	45% 7,225 properties	47% 7,353 properties	46% 7,544 properties	46% 7,567 properties	50% 8,250 properties
8. # of violations cited on rental properties	31,636	30,924	31,783	32,000	34,000
9. # of units approved for rental licenses	3,142	4,512	3,563	3,600	5,200
10. # of owner occupied properties with violations	11,596	14,786	12,176	11,000	11,500
11. # of violations on owner occupied properties	24,826	27,336	21,427	18,000	20,000
12. # of requests for service for nuisance activity	32,959	35,962	27,854	23,526	24,000
13. # of proactive nuisance inspections	28,607	31,610	22,911	18,168	18,500
14. # of graffiti cases/paintovers	813 cases	1,431 cases	1,457 cases	1,600 cases 500 paintovers	1,600 cases 1,000 paintovers
15. Neighborhoods in coordinated community engagement projects centered around nuisance abatement	3	3	5	12	15
16. # of vacant and boarded buildings under chapter 249	195	150	119	100	75
17. # of hazardous buildings boarded	115	94	88	85	85
18. # of buildings boarded due to Police board-ups or open to trespass	222 Police 195 open to trespass	411 Police 207 open to trespass	352 Police 166 open to trespass	350 Police 150 open to trespass	350 Police 150 open to trespass
19. Total # and \$ value of special assessments for nuisance abatement, vacant building registration, and boarding of buildings for open to trespass and Police board-ups	5,305 \$931,231	5,157 \$760,800	5,501 \$852,600	5,505 \$854,000	4,065 \$715,250
20 a) Number of Elevated Blood Lead Level cases created, b) Number and of EBL cases closed c) Number and of EBL cases carried over to the next year	n/a ~	n/a ~	a) n/a b) n/a c) 124	a) 40 b) 30 c) 10	a) 36^ b) 27^ c) 9 ^

*Explanation of Key Performance Measures: * Implementation of the five year cycle did not begin until May 2004. Reduction in number of buildings for 2004 only. ~ We incorporated the Healthy Homes and Lead Hazard*

Control unit into our section in February 2004. ^ If current laws regarding Elevated Blood level definitions remain in place, this number will hold true. If the law drops from 20 micrograms per deciliter to 10 micrograms per deciliter, we can expect the number of new cases to rise to approximately 200 for 2005.

Primary Business: Development Review Services/Zoning Enforcement Service Activity

Description of Primary Business: Provides quality construction plan review and zoning code enforcement services in a professional, efficient and cost-effective manner while ensuring customer adherence to applicable codes and regulations relating to life safety, health, and livability.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. % of site plans brought into compliance and number of site plans achieving compliance within benchmarked time periods			100% of 2003 site plans due for inspection (130); 23 rollover sites from previous years	126 new sites due for inspection; 74 rollover sites from previous years	
2. Amount of private investment in site plan improvements			\$ 2.158 million	\$2.5 million	
3. Number of zoning complaints investigated and resolved; average time for investigation and abatement; ratio of orders abated within benchmarked time periods to total orders abated.			54 requests; 154 inspected; average response time is 3 weeks	160 requests	
4. % of customers expressing satisfaction with services received				65%	75%

Primary Business: Construction Inspections Services/Development Review Services

Description of Primary Business: Provides quality construction inspection services to citizens, businesses, developers, contractors and design professionals to ensure the built environment conforms to applicable codes and regulations relating to safety, health and livability.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. % of construction plan reviews completed and % of project applications that are approved for construction and remodeling within benchmarked time periods.	4,849 plans reviewed	7,246 plans reviewed	7,400 plans reviewed	7,500 plans reviewed; benchmarks established for construction plan review	
2. % of permits and licenses issued within benchmarked time periods				benchmarks to be established	
3. % decrease in customers' time spent in applying for permits and licenses.				e-permit customers reduction in time spent applying for permits: approx. 75%	
4. % customers expressing satisfaction with Minneapolis One Stop services.	75%	75%	pending analysis	pending analysis	
5. # of inspections required for all permits issued versus # of inspections conducted for all permits issued*	105,296 78,286	99,174 73,203	99,908 75,339	98,172 74,052	100,000 83,000
6. 2005 - # of site visits by residential combination inspectors: # of trips saved using residential combination inspectors**	Not Applicable	Not Applicable	Not Applicable	978 \$210,000	1500 \$300,000
7. # Of inspections made on time: # of inspections	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Report to be created in 2005 as part of remote
8. # of certificate of occupancy (CO's) issued ***	322	401	482	700	700
9. 2004 - Unpermitted work: # of sites identified/revenue	Not Applicable	Not Applicable	Not Applicable	978 \$210,000	1500 \$300,000
10. # of TISH (Truth in Sale of Housing) reports without violations: # of TISH reports filed	3,392 7,059	3,342 7,012	3,856 7,786	4,800 9,000	4,240 8,000
11. # of completed reports to number of open reports	6,066 726	5,716 1,139	6,164 1,407	6,300 2,400	6,000 2,000

Explanation of Key Performance Measures:

* "Inspections required" is estimated by using an average of 2 inspections per permit issued. With centralized scheduling implemented with remote inspector, actual inspection requests and inspections conducted will be tracked.

**Combination inspectors will be trained/certified in 2005 and reports will be created to track site visits, inspections and trips saved.

***This number reflects new or newly classified total building structures approved for occupancy. Included are also partial CO's issued for units occupied prior to the total building. An increase is projected in 2004 and 2005 as more partial and total CO's are issued for the numerous residential complexes under construction.

Primary Business: Business Licensing Services

Description of Primary Business: Provides enforcement of the City's codes related to business licensing regulation, liquor licensing, taxi regulation, parking enforcement, and traffic control.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. # of business licenses issued			NA		
2a. # of new business licenses issued			N/A		
2b. Revenues in business license fees	4,174,436	4,543,276	4,901,157	5,000,000	5,250,000
3. Develop and implement in conjunction with the City Attorney's Office a new coordinated initiative to deal with problem properties				on going	on going
4. Number of parking citations	224,616	239,790	270,944	270,000	280,000
5. # of hours of traffic control services provided	14,613	14,687	12,723	13,000	13,000
6. Total Coin revenue	4,648,187	5,225,462	5,229,510	5,400,000	5,700,000
7. # of abandoned vehicle complaints			5,415	6,000	6,100
8. # of new liquor licenses issued (economic development indicator)	75	112	134	150	???
9. # of liquor investigations	201	253	300	300	???

Explanation of Key Performance Measures:

1. Business Licensing is up dramatically, especially in alcohol related licenses
2. License fees continue to reflect the upswing in new alcohol licenses.
3. Discussions have begun with City Attorney's Office, but yet in preliminary stages.
4. Parking citations are up about 20,000 due to implementation of the parking management plan, which included limited handicap parking on streets. Is expected to climb further if new hours of enforcement in warehouse district are implemented as proposed.
5. Less traffic control is expected to be needed now that the construction boom is declining, and anticipating that LRT and the resetting of the traffic signals will work as expected.
6. Coin collection from parking meters is anticipated to continue climbing as more spaces at meters are available and factors described in "4" are implemented.
7. Abandoned vehicle complaints continue to rise as more inoperable vehicles are left on the street, and also due to the police precincts referring these complaints to traffic control.
8. Liquor license applications continue to be filed at record levels due to the liberalization of the zoning parking requirements, the redevelopment of older buildings, the desire of all restaurants to be competitive, and the continued growth of the downtown, Warehouse District, Uptown, Lyn Lake, and Lake street in general.
9. Most of the new liquor licenses are new applicants and new locations which require an extensive investigation.

Primary Business: Environmental Services/Animal Care & Control/Environmental Health-Food Safety/Environmental Management

Description of Primary Business: Provide safe food and water, a clean outdoor environment and animal control services.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
1. Number of services responses	17,942	17,952	16,855	17,250	17,250
2. Percentage of complaints investigated within 24 hours	100	100	100	100	100
3. Percentage of all living animals retrieved, adopted or placed	57%	54%	59%	60%	60%
4. Per capita costs of animal control services	3.14	3.32	3.74	3.75	4.0
5. Plans reviewed		160	170	200	
6. Customer complaints		540			
7. Performance Reviews Completed		100%	100%	100%	100%
8. Administrative Hearings			20	25	
9. Town hall meetings conducted with community		3	3	3	3
10. Food safety council meetings		2	3	3	3
11. Food borne illness complaints received and investigated within 24 hours	60	206	175	175	
12. Licensed food facilities	2359	3718	3768	3476	
13. Required reinspections	214	419	175	175	
14. Total food related inspections	3188	3736	3762	3884	
15. Other inspections	1007	697	485	300	
16. Food Manager Certifications	650	841	917	400	
17. Food Handler Courses Offered	35	20	30	16	
18. Food Handlers Trained	450	278	375	100	
19. Food Manager Courses Offered	34	44	48	16	
20. Persons reached during food safety month	0	515	600	600	

Explanation of Key Performance Measures: ANIMAL CARE AND CONTROL: (1) An initial immediate response is provided to virtually all requests for service. Additional responses may follow to ensure successful closure to particular cases. (2) The percentage of living animals includes all such animals, that is, not only animals determined to be adoptable on the basis of their temperament and health but dangerous, aggressive, unsocialized, unstable and feral animals, and wildlife animals impounded for humane or public health reasons. In future years, more refined statistics will be generated so that a better assessment of the placement rate of adoptable animals becomes possible. (3) According to the International City/County Management Association, an effective animal care and control program will cost at least \$4 per person per year; and in some jurisdictions, animal care and control budgets are as high as \$7 per person per year."

ANIMAL CONTROL The training and enforcement system currently in place provides forward momentum to move a food establishment towards compliance. It is our goal to inspect all licensed facilities at a frequency exceeding that which is required by the State delegation agreements. Individual high-risk facilities are inspected more frequently when warranted and follow-up inspections are performed consistently in a timely manner.

Promoting efficiencies is being accomplished through the development of a training manual, internal fact sheets, procedures and forms (i.e., embargo and condemnation forms, guidelines for closure, contingency plans, responding to a fire call, etc.) Staff training, written procedures and guidelines contribute to consistency within and among the program staff.

The division expects more food borne illness complaints due to food code requirements for restaurant operators, and management to report customer complaints to the regulatory authority. The division is seeing more confirmation of food borne illness due to the increased testing abilities of the State Health Lab and announced inspection. The sheer volume of educational resources that are available to the regulated community is highly beneficial. These resources include fact sheets that communicate concepts in a multitude of languages, necessary in a city of such rich diversity. Information is offered in a variety of formats, including one-page documents, CD-ROMs and videos. The Office of Multi-cultural Services offers on-site assistance to inspectors who may have identified communication or cultural issues as barriers to compliance. These activities anticipate and avoid potential causes of conflict and misunderstanding, and promote greater cooperation within the regulated community.

Innovation is showcased by the Announced Inspection program. From a basis of reinforcing Active Managerial Control, the approach benefits both the operator and inspector through an improved working relationship, leads to compliance with the Food Code and results in increased efforts toward food safety. The division received a \$50,000 grant from the National Association of County and City Health Officials (NACCHO) to work in partnership with the University of Minnesota School of Public Health to evaluate the effectiveness of the Announced Inspection program.

Financial Analysis:

EXPENDITURE

For 2005, the Operations and Regulatory Services Budget is \$24 million, a 7.2% increase over the 2004 Adopted Budget.

The budget for Regulatory Services includes \$912,000 in BIS charges calculated on a city-wide rate model and \$44,000 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Operations and Regulatory Services Budget is \$23 million, a 2.9% increase over the 2004 Adopted Budget.

The Licenses Lead division moved to the Inspections Housing department (\$80,000) and one position was moved from the Fire Department into Inspections. The other portion of expenditures increase (\$270,000) is attributed to the increase in existing activity supported by a similar increase in revenues over the 5-year plan. This activity increase will be managed without a change in positions.

REVENUE

In 2005, Regulatory Services anticipates \$28 million in revenue, a 7.3% increase over the 2004 Adopted Budget. A new HUD Lead grant was recently awarded to the City. The total grant award is \$3 million to be spread over a 3.5 year period. In 2005, the City will receive \$857,142.

From 2004 to 2005, the Inspections operations anticipate an increase in its revenue of 3%. This slight increase is due to low interest rates and a resulting increase in residential and commercial remodeling and home sales as well. Non-business permit revenue is expected to drop and fees index in other areas expected to increase. In 2005, the anticipated cost of construction will be 5% higher for many permits. The approved 2005 rental license fee increase will bring \$49,000 thousand in additional revenues.

In 2005, the License operations anticipate an increase in its revenue of 1.2% over the five-year plan. This is the net effect of the elimination of several proposals to increase fees. Despite a sluggish economy this slight increase is due to low interest rates and an increase in beer permits.

In 2005, the department receives \$180,000 in funding for the Lead program from Community Development Block Grant (CDBG) funds.

FUND ALLOCATION

The department's budget is primarily derived from the General Fund (86% of the total). \$202,000 of the budget is funded through Community Development Block Grants.

The licensing functions of the City are all budgeted in the General Fund. The traffic control function that comprises 8% of the department's budget is budgeted in the Parking Fund. The department's traffic control operations are funded in the parking fund (\$3.0 million). Revenues from these efforts are received in the General Fund.

MAYOR'S RECOMMENDED BUDGET

During the past three years CDBG funds were not fully utilized due to the reduction in demolition activity and the City's requirement to match with NRP funding. This requirement was waved in 2004. The Mayor's Budget recommended this funding be redirected to a problem properties program, with

\$75,000 going to the Police Department, \$25,000 to the Fire Department and \$50,000 to the City Attorney's Office. The remaining \$52,000 stays in Operations and Regulations.

The Mayor recommended the addition of 3 Administrative positions, funded within current resources. The Mayor also added one position to coordinate enterprise-wide environmental/sustainability planning.

COUNCIL ADOPTED BUDGET

The Council adopted the Mayor's recommendation to add 3 Administrative positions and removed the environmental coordinator funding recommendation under the advice of Regulatory Services that the function could be accommodated without adding an additional position. The City Council also directed that the Police department assist Regulatory Services with board-ups for problem properties and adopted a direction to staff to develop a strategy of charging business licensees the cost of providing added police services to business owners.

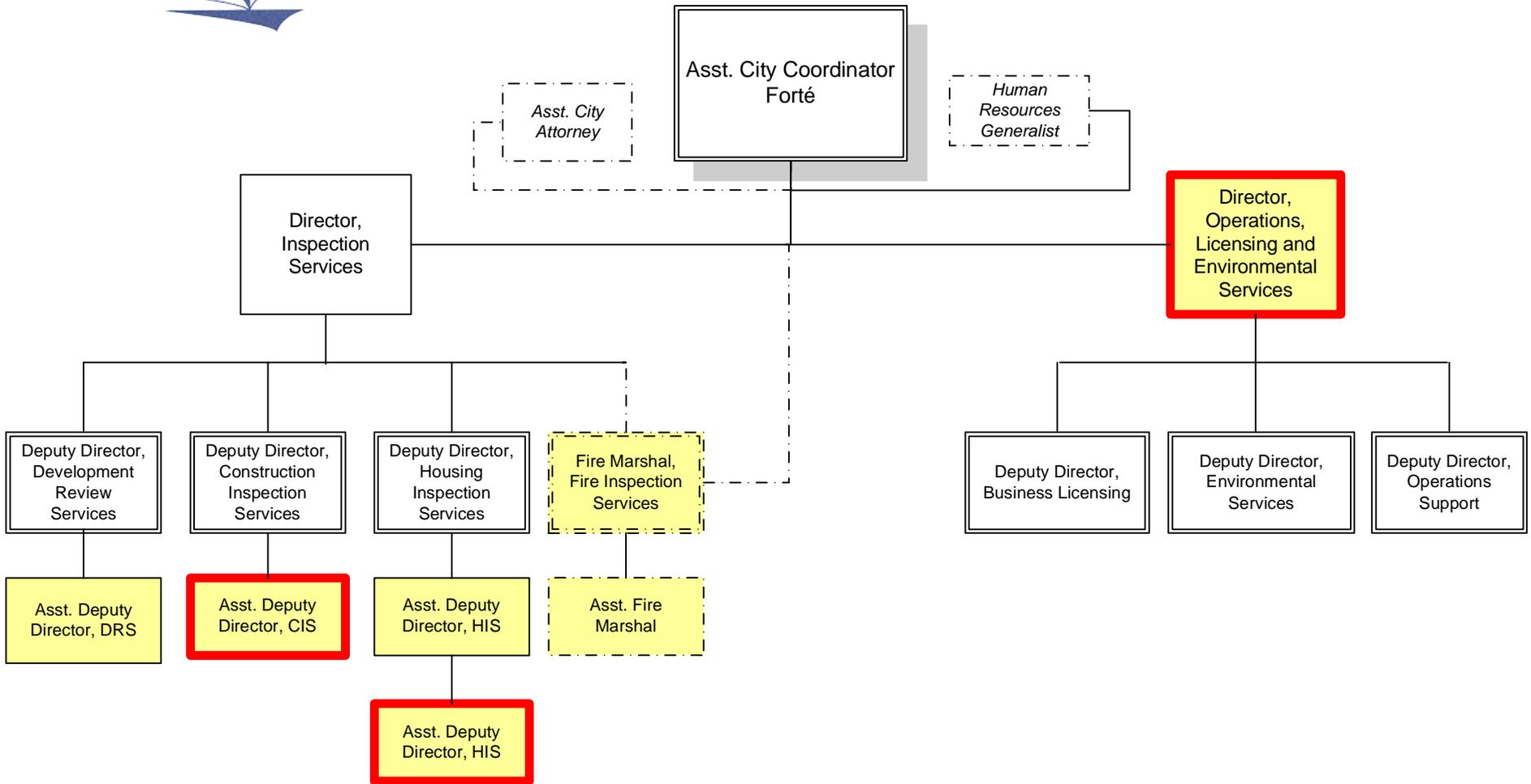
The Council reduced the General Fund allocation to Regulatory Services by \$75,000 and increased the Police department General Fund allocation by the same amount. The Coordinator's Department was asked to reduce their General Fund allocation by \$75,000. Regulatory Services' portion of the \$75,000 is \$35,000.

**OPERATIONS AND REGULATORY SERVICES
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	24.00	32.00	33.00	38.00	15.15%	5.00
Parking and Traffic Control	42.00	42.00	42.00	42.00	0.00%	-
CNAP - Space Planning	1.00	-	-	-	-	-
Environmental Health	34.25	32.95	26.00	21.60	-16.92%	(4.40)
Animal Control	21.00	20.50	21.00	21.00	0.00%	-
Environmental Services	9.00	8.64	8.25	9.25	12.12%	1.00
Construction Inspections	-	66.00	62.50	63.00	19.20%	0.50
Housing Inspections	-	52.50	41.00	44.90	31.71%	3.90
Development Services	-	24.00	26.00	24.00	-7.69%	(2.00)
Inspections	158.50	-	-	-	-	-
TOTAL FTE's	289.75	278.59	259.75	263.75	1.54%	4.00

Regulatory Services

July 13, 2004



OPERATIONS AND REGULATORY SERVICES
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Contractual Services	215,121	246,860	322,528	352,485	9.3%	29,957
Equipment	183,834	0	99,527	100,921	1.4%	1,394
Fringe Benefits	407,791	446,540	512,406	543,009	6.0%	30,603
Operating Costs	75,824	72,847	96,313	124,377	29.1%	28,064
Salaries and Wages	1,254,911	1,628,665	1,801,960	1,876,040	4.1%	74,080
Total for Enterprise Funds	2,137,482	2,394,912	2,832,734	2,996,832	5.8%	164,098
General Fund - City						
Capital Outlay	42,948	26,666	196,358	124,107	-36.8%	-72,251
Contractual Services	2,753,670	2,237,747	2,897,632	3,797,386	31.1%	899,754
Equipment	50,219	46,562	147,394	149,458	1.4%	2,064
Fringe Benefits	2,767,371	2,884,534	3,122,241	3,473,290	11.2%	351,049
Operating Costs	748,672	596,564	604,528	626,780	3.7%	22,252
Salaries and Wages	11,754,562	11,593,820	12,327,003	12,721,027	3.2%	394,024
Total for General Fund - City	18,117,440	17,385,892	19,295,156	20,892,048	8.3%	1,596,892
Special Revenue Funds						
Capital Outlay	199,763	-1,946	204,666	52,330	-74.4%	-152,336
Contractual Services	857,371	1,401,077	145,664	124,722	-14.4%	-20,942
Equipment	11,406	5,536	0	0		0
Fringe Benefits	78,322	91,364	0	69,040		69,040
Operating Costs	45,428	35,933	0	0		0
Salaries and Wages	400,233	392,188	171,670	134,853	-21.4%	-36,817
Total for Special Revenue Funds	1,592,522	1,924,153	522,000	380,945	-27.0%	-141,055
Total for Operations and Regulatory Services	21,847,444	21,704,957	22,649,890	24,269,825	7.2%	1,619,935

OPERATIONS AND REGULATORY SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Charges for Service	26,842	20,000	0	0		0
Other Misc Revenues	632	10,775	10,000	0	-100.0%	-10,000
Total for Enterprise Funds	27,474	30,775	10,000	0	-100.0%	-10,000
General Fund - City						
Charges for Sales	1,440	514	2,680	0	-100.0%	-2,680
Charges for Service	874,739	751,027	1,106,274	649,301	-41.3%	-456,973
Contributions	100	600	0	0		0
Fines and Forfeits	4,326,904	4,456,294	4,516,000	4,546,000	0.7%	30,000
Interest	-18	0	0	0		0
Licenses and Permits	20,071,627	20,941,352	19,159,441	20,811,144	8.6%	1,651,703
Local Government	33,949	33,949	33,000	34,500	4.5%	1,500
Operating Transfers In	12,625	0	0	0		0
Other Misc Revenues	77,981	40,505	83,320	0	-100.0%	-83,320
Special Assessments	1,081,309	980,736	1,124,800	1,020,666	-9.3%	-104,134
Total for General Fund - City	26,480,656	27,204,978	26,025,515	27,061,611	4.0%	1,036,096
Special Revenue Funds						
Charges for Service	160,741	105,084	0	0		0
Contributions	54,928	154,434	0	0		0
Federal Government	989,803	1,395,821	90,000	972,626	980.7%	882,626
Local Government	0	0	0	0		0
Other Misc Revenues	0	12,625	0	0		0
State Government	15,400	52,363	33,000	33,462	1.4%	462
Total for Special Revenue Funds	1,220,871	1,720,327	123,000	1,006,088	718.0%	883,088
Total for Operations and Regulatory Services	27,729,001	28,956,080	26,158,515	28,067,699	7.3%	1,909,184

CITY COUNCIL

Mission Statement:

The City Council establishes general policies, subject to the approval of the Mayor, to insure the health, safety, life, property and general, social, and economic welfare of the City's citizens.

Primary Businesses:

- Develop and implement city policies and programs in conjunction with the Mayor.
- Serve as a resource and advocate for constituents.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

- Increase opportunities among citizens for dialogue about their expectations for Minneapolis City government.
- Increase the consistency of elected official's tax related decisions with a comprehensive municipal tax policy.
- Increase percentage of people who live and work in Minneapolis that report satisfaction with City services.

Primary Business: City Policies and Programs

Description of Primary Business: Develop and implement city policies and programs in conjunction with the Mayor.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% citizens who rate Mpls as a good or very good place to live	86%	n/a	Survey to be conducted in 2004	Survey to be conducted in 2004	
% citizens who rate Mpls govt. as good or very good at communicating with citizens	49%	n/a	n/a	n/a	
% citizens who rate Mpls govt. as good or very good at representing and providing for the needs of all citizens	48%	n/a	n/a	n/a	
% citizens who rate Mpls govt. as good or very good at effectively planning for the future	49%	n/a	n/a	n/a	
% citizens who rate Mpls govt. as good or very good at providing value for their tax dollars	54%	n/a	n/a	n/a	
% citizens who rate Mpls city govt. officials as acting with integrity	n/a	n/a	Potential question for 2004 survey	To Be Determined	

Primary Business: Resource and Advocate

Description of Primary Business: Serve as a resource and advocate for constituents

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Opportunities among citizens for dialogue regarding city govt.	n/a	n/a	n/a	n/a	
Existence of a comprehensive municipal tax policy	n/a	n/a	Consist applications of comprehensive tax policy	Consist applications of comprehensive tax policy	
Initiatives to increase the impact of City goals on determining City services	n/a	Expected dev't of new City Goals for current 4-year term			

Financial Analysis:

EXPENDITURE

The City Council Budget of \$3.3 million is in line with the Council’s five-year plan. It includes salaries and benefits for the thirteen elected Council members, assistants and associates. All position totals reflect a correction of an error made to the 2004 position count.

The budget for this department includes \$362,000 in BIS charges calculated on a city-wide rate model and \$6,600 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Council budget is \$2.95 million, a 2.9% increase over the 2004 Adopted Budget.

REVENUE

This department has no revenue budget.

FUND ALLOCATION

One hundred percent of the Council's budget comes out of the General Fund.

MAYOR'S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

**CITY COUNCIL
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	38.00	38.00	39.00	39.00	0.00%	-

Target Strategies:

No target strategies were requested for this department.

**CITY COUNCIL
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	0	108,576	-32,611	424,561	-1,401.9%	457,172
Equipment	0	3,041	0	0		0
Fringe Benefits	187,732	463,963	534,728	538,068	0.6%	3,340
Operating Costs	31,346	105,924	245,104	173,433	-29.2%	-71,671
Salaries and Wages	851,361	2,105,543	2,125,682	2,186,852	2.9%	61,170
Total for General Fund - City	1,070,440	2,787,046	2,872,903	3,322,914	15.7%	450,011
Special Revenue Funds						
Contractual Services	0	1,929	0	0		0
Fringe Benefits	0	27	0	0		0
Salaries and Wages	0	350	0	0		0
Total for Special Revenue Funds	0	2,305	0	0		0
Total for CITY COUNCIL	1,070,440	2,789,351	2,872,903	3,322,914	15.7%	450,011

CIVIL RIGHTS

Mission Statement:

To work in partnership with the Mayor, City Council, all City Departments and other stakeholders to eliminate discriminatory practices that have an adverse impact on the health, welfare, economic well-being, peace and safety of the citizens of Minneapolis

The Department of Civil Rights is the lead city department responsible for enforcement of the Minneapolis Civil Rights Ordinance, The Civilian Review Authority (CRA), Contract Compliance, Davis Bacon/Prevailing Wage and The Small and Under Utilized Business Program.

The Department of Civil Rights carries out these responsibilities by means of public information, education, mediation, conciliation, and enforcement. The department works through its strategic partnerships with key enterprise stakeholders, community residents and organizations, the CRA Board, and Civil Rights Commission to address four key City goals and carry out its mission:

Primary Businesses:

- Regulatory Enforcement
- Community Outreach , Education, Advocacy. Leadership in matters of Social Justice and advocacy for all groups protected under the city ordinance.

Key Trends and Challenges Impacting the Department:

Trends:

The City of Minneapolis' immigrant and minority populations grew faster than any other city in Minnesota in 2004. This increasing diversity along with increasing community expectations creates significant challenges for the department and city as a whole during this time of diminishing resources.

The Department's credibility depends on its ability to respond to the needs and priorities of the citizens in a timely manner. The Department's external customers expect that charges of alleged discrimination and police misconduct will be fully investigated within a reasonable time frame. Substantial existing backlogs, the number of investigative staff and individual performance standards that do not keep pace with the growing caseloads, all contribute to the department's inability to meet customer expectations. This erodes confidence in both the Department and the City to deliver on its commitment to inclusion and fairness. Credibility will best be achieved if the department can deliver its core services, complaint investigation services, conciliation/ case resolutions, information and advocacy in a timely fashion for the Department of Civil Rights, Commission and the Civilian Review Authority (CRA).

Challenges:

1. The largest expense in the department of Civil Right's budget is personnel. The Department's employees have significant seniority/longevity with the City of Minneapolis. The Council's approved growth in spending level for the department of \$2,039,828 falls \$206,706 short of the Finance Department's projected automatic increases in expense. The Department of Civil Rights has little control over these increases. In order to bring the Department budget in alignment with the Council approved service level, the department will be required to cut two (2) positions.

2. The backlog of complaints at the Civilian Review Authority (CRA) was created when complaints of alleged police misconduct continued to be accepted while there was not an administrative infrastructure in place to investigate them. There are backlogs at the complaint investigation and hearing stages of the process, which has had an impact on citizen satisfaction and confidence in the process. The unwillingness of the Police Chief to act on recommended discipline when the complaints are in some cases more than three years old is another by product of the backlog. The 2005 Adopted Budget includes a \$70,000 one-time appropriation to eliminate the CRA backlog of cases. This will enable the Civilian Review Authority to increase mediation efforts and engage third-year law students to assist with the investigation of the cases.

3. Steps taken by the Department and the City over the past two years to develop successful dialogues and gain buy-in from increasingly diverse communities of color will be greatly enhanced by a transfer in 2005 of one Indian advocate position and four Multicultural Services positions from the Health and Family Services Department to the Department of Civil Rights.

These positions will have a specific enterprise-wide responsibility for working with other city departments to fully implement the mandated Limited English Proficiency (LEP) program. This will make the City enterprise more accessible to immigrants who do not speak English as a first language by providing translation services in Spanish, Somali and Hmong. It will also enable the department to better serve those Minneapolis citizens who have historically been challenged in personally accessing City services and resources to address the needs and priorities of their communities.

By receiving resources that have an enterprise-wide community focus, the Department will be better able to continue community engagement and relationship building strategies with key internal and external stakeholders. These positions build on the Department's efforts to increase visibility with protected class groups. They also help bridge of communication gaps, increase accessibility to City services, and provide an early warning vehicle through which Communities of Color can communicate priority issues and concerns. It will also mean that the Department will not be dependent on diverting staff from enforcement responsibilities in order to carry out these important engagement activities which has been the case in prior years.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

An important part of the Department's responsibility is to work in partnership with other city departments to strengthen individual and collective accountability for full and equal access to all services and resources offered by the City of Minneapolis.

Key Initiatives:

- Implement the enterprise-wide Limited English Proficiency Program.
- Transfer of Multicultural Services positions to the Department of Civil Rights.
- Transfer of an Indian Advocate to the Department of Civil Rights.
- Advocate change in state law to exempt the City from housing damages cap.
- Utilize law school interns to assist with backlog elimination.
- Expand use of mediators to increase early resolution of Civilian Review Authority/Department of Civil Rights complaints.

Primary Business: Regulatory Enforcement

Description of Primary Business: Enforcement of the Minneapolis Civil Rights and Civilian Review Authority Ordinances which prohibit discriminatory treatment against member of protected classes,

including Police misconduct. To establish and monitor hiring and participation goals for City-sponsored projects and contracts to ensure that protected classes have equal opportunities to benefit through employment and business activities. Maintain an active, involved Commission on Civil Rights. This is implemented through the following activities:

- Complaint Investigations/Mediation
- Contract Compliance/Davis Bacon/Prevailing Wage
- Small and Underutilized Business Program (SUBP)
- Commission on Civil Rights
- Civilian Review Authority
- Civilian Review Authority Board

Key Performance Measures that are impacted by 2005 resources:

Key Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of Intake Inquiries	444	400	425	400	400
Number of Complaints filed with the Department	201	300	200	180	180
Number of cases under Investigation				160	185
Case Closures per year	244	250	165	217	175
Average completion time			226 days	369 days	180 days
Percentage of cases resolved through mediation or conciliation	5%	7%	5%	5%	20%

*Explanation of Key Performance Measures: * 04' Staff reduced by (2) investigators*

Efforts to mediate the resolution of complaints at the beginning of the investigative process will be increased. Mediation has proven to be a viable alternative to a full scale complaint investigation when both parties desire to resolve the issues which gave rise to the complaint. When they are successful, Mediation creates a "Win-Win" situation for all parties.

Investigator productivity in the case investigation area is inconsistent from investigator to investigator. This not only creates morale problems, but also causes delays in completing investigations. The establishment of measurable work performance standards for all department investigators has been instituted and case processing procedures are being modified to decrease the time between the filing of charges of discrimination and completion of investigations.

Once an investigation is completed, the review process is cumbersome and causes a logjam of cases and further delay in the completion of the investigation. This occurs first at the desk of the Investigative Manager. When a determination of probable cause is recommended another log jam of cases occurs at the City Attorney's Office. Work performance standards with strict case tracking for internal case review will eliminate the internal problem and a recommended ordinance change which does not require but makes optional the legal opinion from the office of the City Attorney will expedite the final determination of probable or no probable cause made by the Civil Rights Director.

Department restructuring which places more resources at the direct service or line staff level will allow investigators to have a more manageable caseload and avoid future backlogs.

The use of third (3) year law students to intern in the department to assist with the elimination of the current back log of complaints is also currently being explored.

Key Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of Construction and Development Projects	Active – 40 Closed – 73 Pending – 38 Total – 152	Active – 60 Closed – 35 Pending – 65 Total – 170	Active – 54 Closed – 58 Pending – 60 Total – 172	Active – 56 Closed – 70 Pending – 50 Total – 176	Active – 40 Closed – 73 Pending – 38 Total – 152
Total \$ value of all projects	\$1,082,509,361	\$1,174,637,496	\$2,143,047,106	\$1,500,000,000	\$1,500,000,000
Number of Conciliation meetings with contractors not meeting goals	22	24	21	30	30
Number of Affirmative Action plans reviewed and approved partnerships with community organizations	680	750	551	550	550

Davis Bacon and Prevailing Wage.	Total # of Projects – 15 Value of Projects = \$52,048,000 # receiving restitution = 32 \$ Amount of restitution = \$25,128	Total # of Projects – 20 Value of Projects = \$791,346,000 # receiving restitution = 34 \$ Amount of restitution = \$29,522	Total # of Projects – 44 Value of Projects = \$408,022,212 # receiving restitution = 32 \$ Amount of restitution = \$25,128	Total # of Projects – 15 Value of Projects = \$410,000,000 # receiving restitution = 32 \$ Amount of restitution = \$25,128	Total # of Projects – 15 Value of Projects = \$410,000,000 # receiving restitution = 32 \$ Amount of restitution = \$25,128
Number of cases referred to CCR by DCR.	55	33	33	40	43
Number of cases closed by CCR.	51	35	49	30	40
Number of days on docket from referral to closure PC/NPC.	509.2/184.8	389/124	661.2/129.9	1100/100	300/75
Total SUBP firms registered to do business with the City of Minneapolis* ¹	416 total 122 Small 195 Women-owned 99 Minority-owned	429 total 119 Small 176 Woman-owned 134 Minority-owned	530 total 144 Small 239 Woman-owned 147 Minority-owned	650 Projected 618 total Year-to-date 212 Small 240 Woman-owned 166 Minority-owned	650
\$ amount of City construction and development contracts with diversity goals	\$369,385,328	\$251,274,496	*\$602,610,105	\$800,000,000	
\$ amount of City Contracts awarded to Minority and Women Business Enterprises on construction/development projects	\$28,403,571 to MBEs \$33,289,083 to WBEs	\$14,988,082 to MBEs \$16,853,570 to WBEs	\$26,825,921 to MBEs \$18,871,638 to WBEs	\$30,000,000 (MBEs) \$20,000,000 (WBEs)	\$30,000,000 MBEs \$20,000,000 WBEs
Number workshops held, procurement fairs, and pre-bid meetings attended* ²	30	37	38	39	39
Bid analysis completed* ³	na	40	70	100+	110

* 50% of all non Construction project contracts eligible to participate in the SUBP program were not referred to the program for diversity goals in '03

Explanation of Key Performance Measures:

¹The purpose of the Central Certification (CERT) Program is to review and audit applicants in order to ensure that listed firms meet eligibility requirements. Recertification is necessary every two years of business certification. Decrease in number of certified vendors attributed to vendors not going through the recertification process.

²The purpose of the SUBP outreach activities is to provide information and education to the business community in order to heighten awareness of the City of Minneapolis SUBP, procurement opportunities, and to cultivate a cooperative business environment. The activities include educating bidders/proposers and contractors on their responsibility under Chapter 423 aimed at recruiting certified minority and women business enterprises.

³The purpose of the bid analysis is to determine if bidders/proposers are in compliance with performing good faith efforts to utilize women-owned and minority-owned business enterprises. The efforts made by the bidders/proposers help serve as an indicator of the effectiveness of the information SUBP provides relating to outreach requirements. This activity also helps SUBP reach valid recommendations for contract award.

Key Performance Measure	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
CRA STAFF:			4	4	4
Number of intake inquiries	818	586	610	450	450
Number of CRA complaints	114	56	157	130	120
Mediation	8	0	2	10	25
Complaints in investigation		59	163	140	91
Investigations Completed		61	71	112	150
CRA BOARD:					
CRA Board Hearings Scheduled		0	3	88	144
CRA Board Hearings Held		0	3	64	100
Complaints awaiting Hearing		12	65	70	120

Number of Community Summits		2	2	0	4
Community festivals	6	5	7	8	8
Police Community Relations Committee	N/A	6	6	12	12
Education and Information	6	5	7	3	6
Culturally specific advisory/work group meetings	6	5	6	14	16

Primary Business: Community Outreach , Education, Advocacy. Leadership in matters of Social Justice and advocacy for all groups protected under the city ordinance.

Description of Primary Business: Advocate for public policy initiatives and change that facilitates the eradication of barriers to full and equal participation in the quality of life in the City of Minneapolis and that addresses and reflects the needs and priorities of the Cities communities.

- Community Summits
- Culturally specific advisory/work groups
- Community events and educational forums
- Department work shops and training
- Monitoring of the Unity Community and Police Department mediation agreement

Civilian Review Authority	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Community outreach activities/involvement			4	8	8
Education and Information	6	5	7	3	6
Culturally specific advisory/work group meetings	6	5	6	14	16

Financial Analysis:

EXPENDITURE

The Civil Rights department's budget for 2005 is \$2.8 million.

The budget for this department includes \$170,000 in BIS charges calculated on a city-wide rate model and \$4,100 for benefits administration. Both were centrally budgeted in the past. Backing out these charges, the 2005 Civil Rights department's budget is \$2.6 million, a 31% increase over the 2004 Adopted Budget.

REVENUE

In 2005, the EEOC (Equal Opportunities Employment Commission) Workshare agreement decreased by 19%. The Civil Rights department also sees a \$245,000 decrease in their revenue budget for 2005 because several service contracts budgeted in their 2004 budget have been absorbed by the General Fund overhead rate model. This decrease is offset by a corresponding increase in centrally budgeted overhead within the General Fund.

FUND ALLOCATION

This department is funded primarily through the General Fund (84%) with the remaining 16% being funded through CDGB.

MAYOR'S RECOMMENDED BUDGET

The Mayor's Recommended Budget eliminated 2 positions and provided \$70,000 of one-time money to address the Civilian Review Authority backlog. Further, it enhanced the capabilities of the Civil Rights Department by transferring \$235,000 and 4 positions for the New Arrivals Program and 1 position for the Native American Advocate into the department (from the Health and Family Support department). The Mayor also recommended \$50,000 for an enterprise-wide Limited English Proficiency program.

ADOPTED BUDGET

The Council adopted the Mayor's Recommendations.

**CIVIL RIGHTS
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Civil Rights Admin	7.00	7.00	7.00	7.00	0.00%	-
Complaint Investigation	8.00	8.00	6.00	6.00	0.00%	-
Civil Rights Contracts	9.00	8.50	7.00	5.00	-28.57%	(2.00)
Civilian Review Authority	5.00	4.00	4.00	4.00	0.00%	-
Outreach	-	-	-	5.00	500%	5.00
Total FTE's	29.00	27.50	24.00	27.00	12.50%	3.00

**CIVIL RIGHTS
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Capital Outlay	9,715	0	3,000	3,042	1.4%	42
Contractual Services	234,348	346,671	305,552	536,468	75.6%	230,916
Equipment	13,367	1,083	3,000	3,042	1.4%	42
Fringe Benefits	237,696	247,066	291,803	310,703	6.5%	18,900
Operating Costs	83,166	45,114	61,523	65,868	7.1%	4,345
Salaries and Wages	1,037,738	1,121,211	1,125,999	1,418,917	26.0%	292,918
Total for General Fund - City	1,616,030	1,761,145	1,790,877	2,338,040	30.6%	547,163
Special Revenue Funds						
Capital Outlay	0	0	1,987	0	-100.0%	-1,987
Contractual Services	21,174	52,691	-130,949	98,521	-175.2%	229,470
Equipment	0	533	4,124	0	-100.0%	-4,124
Fringe Benefits	38,279	52,784	28,710	86,911	202.7%	58,201
Operating Costs	4,685	22,812	15,357	7,950	-48.2%	-7,407
Salaries and Wages	178,073	227,392	278,877	251,618	-9.8%	-27,259
Total for Special Revenue Funds	242,211	356,212	198,106	445,000	124.6%	246,894
Total for CIVIL RIGHTS	1,858,241	2,117,357	1,988,983	2,783,040	39.9%	794,057

**CIVIL RIGHTS
Revenue Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Service	386,522	271,848	258,252	0	-100.0%	-258,252
Other Misc Revenues	907	3,548	0	0	0.0%	0
<i>Total for General Fund - City</i>	387,429	275,396	258,252	0	-100.0%	-258,252
Special Revenue Funds						
Contributions	0	7,295	0	0	0.0%	0
Federal Government	52,500	62,100	62,000	50,000	-19.4%	-12,000
<i>Total for Special Revenue Funds</i>	52,500	69,395	62,000	50,000	-19.4%	-12,000
Total for CIVIL RIGHTS	439,929	344,791	320,252	50,000	-84.4%	-270,252

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT

Mission Statement:

To promote and advance the City's planning and community development goals through strategic partnerships and responsible management of resources, and to support the public interest through implementation of the City's plans and priorities.

Primary Businesses:

- **Housing Policy & Development:** CPED provides financing and administers programs for housing development, preservation and rehabilitation; provides financing for home improvement and home mortgages through a vendor contract in cooperation with the Development Finance Division of the Finance Department; and encourages and supports private market activity in the production and preservation of housing for all income levels.
- **Economic Policy & Development:** The Economic Policy & Development business line is focused on business retention, expansion, creation, and attraction – both downtown and in the neighborhoods. Through this business line, CPED provides the financing, programmatic and real estate tools used with commercial, mixed-use and industrial development, and expansion. The department offers market advocacy services through this business line.
- **Community Planning:** CPED prepares and coordinates the implementation of the City's comprehensive plan, conducts research and analysis on trends affecting City policy and development, and coordinates City-sponsored arts and cultural activities.
- **Development Services:** CPED administers, interprets, and enforces the zoning code, land subdivision regulations and heritage preservation regulations, and reviews applications for approvals as required by city ordinance and state law.
- **Workforce Development:** CPED manages a system that identifies and prepares Minneapolis residents for living wage job and career opportunities.

Key Trends and Challenges Impacting the Department:

1) Challenge of fully realizing the synergies inherent in the new CPED structure

Although the legal, financial, and initial programmatic steps to create CPED have been accomplished, more work is necessary to fully coordinate and integrate the work of its various components, both internally and with other City departments.

2) NRP alignment with City goals and CPED programs

During the last year, CPED and NRP have worked together to clarify our respective roles and programmatic initiatives. We look forward to working with the NRP on its five year business plan and its Phase II housing programs. We will continue to work towards greater alignment of NRP resources and citywide priorities.

3) Challenge of attuning CPED more closely to the private marketplace

The City and CPED need to be more closely attuned to needs and gaps in the private marketplace on a real time basis in order to assist private growth and development where appropriate (i.e. reducing regulatory friction and transaction costs) and to intervene in the market in a more timely and effective manner when appropriate.

4) City Ownership Housing Strategy

In the ownership housing area, we continue to evaluate and evolve our existing programs and initiate pilot policy initiatives. We are also exploring various policy objectives and outcomes such as need-based eligibility, wealth creation, alignment with NRP and other non-profit investments and delivery systems in order to reduce the cost of administration.

5) Planning's City Enterprise Role

Planning's City Enterprise role will continue to evolve. Its roles in One-Stop Shop, CLIC review, expanded synergy within CPED, coordination with public works planning, participation in redevelopment prioritizing, Small Area planning investment analyses and coordination with NRP are expanding.

CPED tracks market and socioeconomic data and trends to better understand current community needs and more effectively direct the department's limited public resources. Significant trends in the last year include the following:

- A. Number of jobs decreased.
- B. Labor force participation increased.
- C. The population continues to age.
- D. Housing costs rising faster than income.
- E. Downtown office vacancy rates remain higher than historical norms.
- F. Downtown retail vacancy rates increasing.
- G. Commercial and industrial construction up slightly from previous year.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

- Department-wide Initiatives:
 - Closer coordination with Public Works on transportation issues and overall capital improvement planning.
 - Align City and NRP resources around City priorities and seek cooperative implementation strategies.
 - Retirement Incentive Option.
- Housing Policy & Development Key Initiatives:
 - Identify funds to complete the Heritage Park Finance Plan.
 - Implement the Higher Density Corridor Housing Initiative.
 - Implement the Northside Home Fund.
- Economic Policy & Development Key Initiatives
 - Create Riverfront Development Corporation.
 - Develop plan for University Research Park.
- Community Planning Key Initiatives
 - Complete, prepare and assist with several plans, including the the Midtown Greenway Land Use Plan, South Lyndale Small Area Plan, Industrial Land Use Plan, Downtown Rezoning Studies, Shoreham Yards Potential Growth Center Plan, and Central Corridor LRT Planning.
 - Refocus research activities and products to more effectively target current and future market conditions and trends.

- Development Services Key Initiatives
 - Implement One Stop Development Review Center and related Customer Service Improvements.
- Workforce Development Key Initiatives
 - Conclude the "Close the Gap" Campaign by eliminating the gap between City and metro area unemployment rates by the end of 2005.
 - Support creation of public service careers institutes.

Assessment of Other Models of Providing Service

1. Neighborhood Planning Services

Community Planning will develop a list of planning activity options that could be undertaken with the assistance of NRP funds. This will be a list of ways the NRP money could be used for planning activities within the neighborhoods, and how City Planning staff could provide these services at predetermined costs. Along with several other planning assistance tools developed by this division in 2004, the intent is to assist neighborhoods in preparing local plans that are consistent with and in support of the City's comprehensive plan.

2. City Coordination of CLIC Process

To effectively implement plans that have been adopted by the City of Minneapolis, a structure needs to be in place to ensure the timely, orderly, and efficient use of dwindling City resources. The Community Planning Division will work on an initiative for interdepartmental coordination of CLIC proposals prior to submission to the CLIC. By coordinating City efforts through this early process, duplicative actions and expenditures can be reduced over time.

3. Consolidating Property Management in Public Works

CPED is recommending that its property management function be transferred to and merged with the appropriate Public Works division. Although the types of properties managed by both departments are different, we believe the resources, skills, and activities involved are similar and therefore this function belongs in one City department. Unlike Public Works, property management is not a core competency and business of CPED. Although we are proposing this on a "net zero" basis, we believe that combining the functions will result in some efficiencies that are not currently possible with two departments involved.

4. Consolidating real estate transactions and inventory at CPED

As part of a parallel discussion, and also subject to further analysis, CPED is recommending that responsibility for real estate transactions and inventory management - which currently occurs in 2 divisions of Public Works and in the real estate unit of CPED be consolidated within CPED. Given that CPED undertakes a much larger volume of real estate transactions than does Public Works, and given this function is a core competency of CPED, we believe that enterprise responsibility for this function should be vested in one department rather than two. Again we are proposing this on a "net zero" basis, but believe that it is likely that combining the functions will result in some efficiencies that are not currently possible with two departments involved.

Primary Business: Economic Policy and Development

Description of Primary Business: The Economic Policy & Development line of business is focused on business retention, expansion, creation, and attraction—both downtown and in the neighborhoods.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Increase in property taxes due to economic development projects	\$7,029,000	\$1,283,000	\$3,236,529	\$1,108,408	\$845,000
Number of businesses assisted by market advocates/case manager	not available	not available	571	50	50
Number of new jobs projected by assisted projects	1,749	1,441	1,554	585	447
Number of business loans	161	151	170	154	158
Number of downtown/riverfront entertainment, cultural, recreational and educational amenities completed	20	9	5	0	0
Number of downtown/riverfront housing units completed	464	301	605	928	419
Contamination cleanup grants secured	\$6,138,803	\$4,337,485	\$4,697,452	\$1,500,000	\$1,500,000
Number of assets managed	7	7	7	6	5
Change in overall jobs in city	-2,638 (-0.9%)	-11,043 (-3.7%)	-8,033 (-2.7%)	+3,200 (+1.1%)	+5,700 (+2.0%)
Minneapolis employment as % of metro employment	19.2%	18.9%	18.4%	18.4%	18.5%
Value of permits issued for new commercial construction	\$156,768,755	\$127,152,189	\$131,099,763	\$ 120,633,871	\$ 127,280,929
Minneapolis new commercial construction as % of metro construction	7.2%	8.8%	7.7%	7.9%	7.9%
Reduce crime below city average in Empowerment Zone				In progress	Reduce crime by 10% through business crime prevention network and Weed & Seed partnership with Phillips
Northside Partnership: Decline in Part I and II crimes in 4 th Precinct				200	400 adults 100 youths 300 placements in career ladders
Launch or strengthen partnerships around West Broadway, Lake Street, Franklin Avenue and Central Avenue				3 of 4 partnerships created: North side Partnership; Phillips Partnerships (strengthened) ; Faith in the City	Central Avenue
Northside Partnership: # of additional placements beyond existing jobs programs				Crime down 14% through July 1	10% additional decline
Northside Partnership: \$7 million housing rehabilitation fund established				\$41.8 million fund raised	Move 100 families into homeownership
Northside Partnership: Identify and prepare at least 10 opportunities for redevelopment				In progress	Establish 10 new entrepreneurs on W. Broadway
Phillips Partnership: 10% decline in Type I crimes in 55407 zip code beyond city average				Crime down 12% through July 1	10% additional decline
Phillips Partnership: Continued increase in property values beyond city average				On track	Same
Faith in the City: Keep Franklin Avenue Library open				Achieved	
Faith in the City: Increase number of earned income tax credit (EITC) filers in 55404 and 55407 zip codes by 100				87 new EITC filers	174
Mpls Life sciences Consortium; develop medical conferencing facility in Life sciences Corridor				On track	Will open
Mpls Life sciences Consortium; two new research labs				2	2 additional
Mpls Life sciences Consortium; create Life sciences Capital Fund				On track	\$3 million
Identification of joint City-University development activity to occur				M o U signed; quarterly meetings initiated	U Research Park Riverfront Dev Corp

Explanation of Key Performance Measures: Much of the project work within this business line has long lead times, meaning that staff efforts in any given year produce results 1-2 years later. That is, there is not always a direct correlation between resources used and results achieved within the same year.

-"Increase in property taxes due to economic development projects" estimates are very general and do not include all projects.

-"New jobs projected" means a developer's estimate of the number of new jobs resulting from activity financed with CPED assistance. Estimates are not available for all completed projects.

- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued, and/or a Certificate of Occupancy has been issued.

- "Number of downtown/riverfront housing units completed" is a subset of totals reported under Housing Policy & Development.

"Assets managed" for 2001 through 2005 includes three downtown theaters, Target Center, the Upper Harbor River Terminal, the Grain Belt complex and the former Sears property. It is anticipated that the former Sears property will be sold in 2004 and the Grain Belt complex will be sold in 2005.

"Change in overall jobs in City" is the year to year change in "total covered employment" from MNDEED.

Primary Business: Housing Policy and Development

Description of Primary Business: CPED provides financing and administers programs for housing development, preservation and rehabilitation; provides financing for home improvement and home mortgages through a vendor contract; and encourages and supports private market activity in the production and preservation of housing for all income levels.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of new/conversion multifamily units completed	563	465	1,136	815	1,193
Number of rehabilitated multifamily and single-family units completed	268	522	433	575	560
Number of affordable (<50% MMI) multifamily housing units placed in service (subset of previous two measures)	484	596	594	715	751
Number of multifamily units to result from closed loans and construction starts	1,149	2,143	2,016	1,800	1,886
Number of housing units produced (including those with CPED assistance)	1,120	1,866	1,243	1,400	1,475
Housing growth (units produced minus units demolished)	958	1,715	1,149	1,250	1,325
Minneapolis share of metro region housing production	5.0%	7.3%	5.5%	5.7%	5.9%
Number of single-family units completed	135	123	116	80	80
Number of single-family units rehabilitated	31	10	8	7	13
Number of low/moderate income (<80%) single-family units completed	74	54	62	40	40
Number of home improvement loans	75	131	48	52	45
Number of mortgage loans	119	138	2	150	150
Number of lots sold for single-family development	130	116	116	80	80

Explanation of Key Performance Measures:

-"Conversion" means previously non-residential properties that have been converted to residential use.

-"Multifamily" means all rental projects and ownership projects with more than 10 units.

-"Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued, and/or a Certificate of Occupancy has been issued.

-"Closed" means financial closing and construction start. Generally, closed units are produced with funds from prior years.

"Affordable (<50% MMI)" means units that are affordable to families with incomes at or below 50 percent of the metropolitan median family income.

-The third measure listed above (number of affordable units) is a subset of the first two measures, and includes both new/conversion and rehabilitated units.

-Housing unit numbers do not include shelter beds/units.

-"Single-family" means all ownership projects with 10 or fewer units.

-"Affordable (<80%)" means units that are affordable to families with incomes at or below 80 percent of the metropolitan median family income.

"Number of housing units produced" is based on permits pulled.

Primary Business: Community Planning

Description of Primary Business: CPED engages the community in planning processes and development, conducts research and analysis on trends affecting City policy and development, and refines and implements the City's comprehensive plan.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of City plans/policies approved or amended	not available	not available	2	5	6
Percentage of residents involved in planning process who are confident that their input will become part of the City's decision-making process	not available	not available	not available	80%	80%
Number of film permits issued	206	205	212	200	195
Total public arts projects installed or renovated (major conservations)	2	11	3	11	4

Primary Business: Development Services

Description of Primary Business: CPED administers and interprets the zoning code, land subdivision regulations and heritage preservation regulations, and reviews applications for approvals as required by city ordinance and state law.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of land use applications reviewed	1,149	1,194	1,083	1,345	1,400
Number of building permits reviewed	5,849	7,905	7,905	7,800	7,900
Number of Heritage Preservation Commission applications reviewed	211	155	341	185	200
Number of zoning code text amendments adopted as a result of policy changes	12	31	6	18	16
Number of clients assisted at service counter (One-Stop Development Review Center)	NA	NA	8,225	8,295	8,400
Proportion of land use applications approved or denied within state-mandated timeframes	99+%	99+%	99+%	99+%	99+%

Primary Business: Workforce Development

Description of Primary Business: CPED manages a system that assists residents in obtaining economic self-sufficiency through employment and training while meeting local employer needs for qualified workers.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Gap in unemployment rate between city and metro region	.7%	.8%	.9%	.6%	.2%
Number of people placed in jobs through workforce development programs	5,758	6,452	5,992	6,084	6,123
Number of agreements (employment partnerships)	NA	NA	NA	2	4
Number of new hires from job linkage agreements (living wage jobs)	1,026	1,214	1,827	1,800	1,783
Number of businesses visited	NA	NA	44	55	68
Number of people served through workforce development programs	16,879	19,722	19,067	19,326	19,561
Unemployment rate for city residents	3.8	4.9	5.5	4.6	4.0

Explanation of Key Performance Measures:

-"Gap in unemployment rate between city and metro region" means the difference between the unemployment rate within the City of Minneapolis and the unemployment rate within the larger metropolitan region.

Financial Analysis:

EXPENDITURE

The Community Planning and Economic Development department reflects the financial and position history of its predecessor organizations: Minneapolis Community Development Agency, Planning, Minneapolis Employment and Training Program, and the Empowerment Zone. The total budget of \$163 million represents a 15% increase over the 2004 Adopted Budget, predominantly from an increased budget for planned debt service and related internal transfers. The total budget minus debt service and transfers shows a 1.7% increase over 2004.

In 2005, the CPED expense budget includes \$3.4 million to phase in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted in separate agencies. If charges are phased in over 5 years, CPED's General Fund annual overhead charges are estimated to be \$4.6 million. The budget for CPED also includes \$899,000 in BIS charges calculated on a city-wide rate model and \$25,100 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 CPED budget is \$162 million, a 14% increase over the 2004 Adopted Budget.

REVENUE

The department's revenue reflects the elimination of Chapter 595 levy income as determined by the 5-Year plan, continued decline in property tax increment since the 2001 property tax changes, an estimated reduction in State and Local grants and reduced interest earning on various capital fund balances. The department's budgeted revenue decreases in 2005 by 5.6% from the 2004 Adopted Budget.

MAYOR'S RECOMMENDED BUDGET

The Mayor's Recommended budget included the use of development resources (\$80,000 from the Preliminary Planning Fund) to offset Planning's 5-year planning target of an \$80,000 General Fund reduction. It also recommended three Planning Division Target Strategies: a target reduction strategy (establishing zoning violation fees and transferring the zoning enforcement function and 4 positions from Regulatory Services to CPED, a fee increase strategy (right-of-way vacation application fees rise from \$300 to \$1000), and a reallocation of existing direct fee revenue from Regulatory Services to CPED to reflect the work and costs of projects utilizing CPED resources. An additional position and \$77,000 was also added to CPED's budget to support enterprise job creation and career laddering.

The 2005 recommendation also included Hilton Legacy Fund allocations as follows:

\$100,000	– Riverfront Development Corporation
\$200,000	– Closing the Gap employment initiative
\$200,000	– It's All About Kids
\$300,000	– Planning
\$500,000	– Commercial Corridor Small Business Loan Fund
\$1,000,000	– MILES
\$1,400,000	– Project Liability Funding (Housing & Economic Development)

The Mayor recommended a reduction of 7 positions in Property Management and the addition of 1 position in Real Estate Management and 1 Public Service Coordinator position. The Mayor also recommended allocating funds for an environmental coordinator position in Regulatory Services.

ADOPTED BUDGET

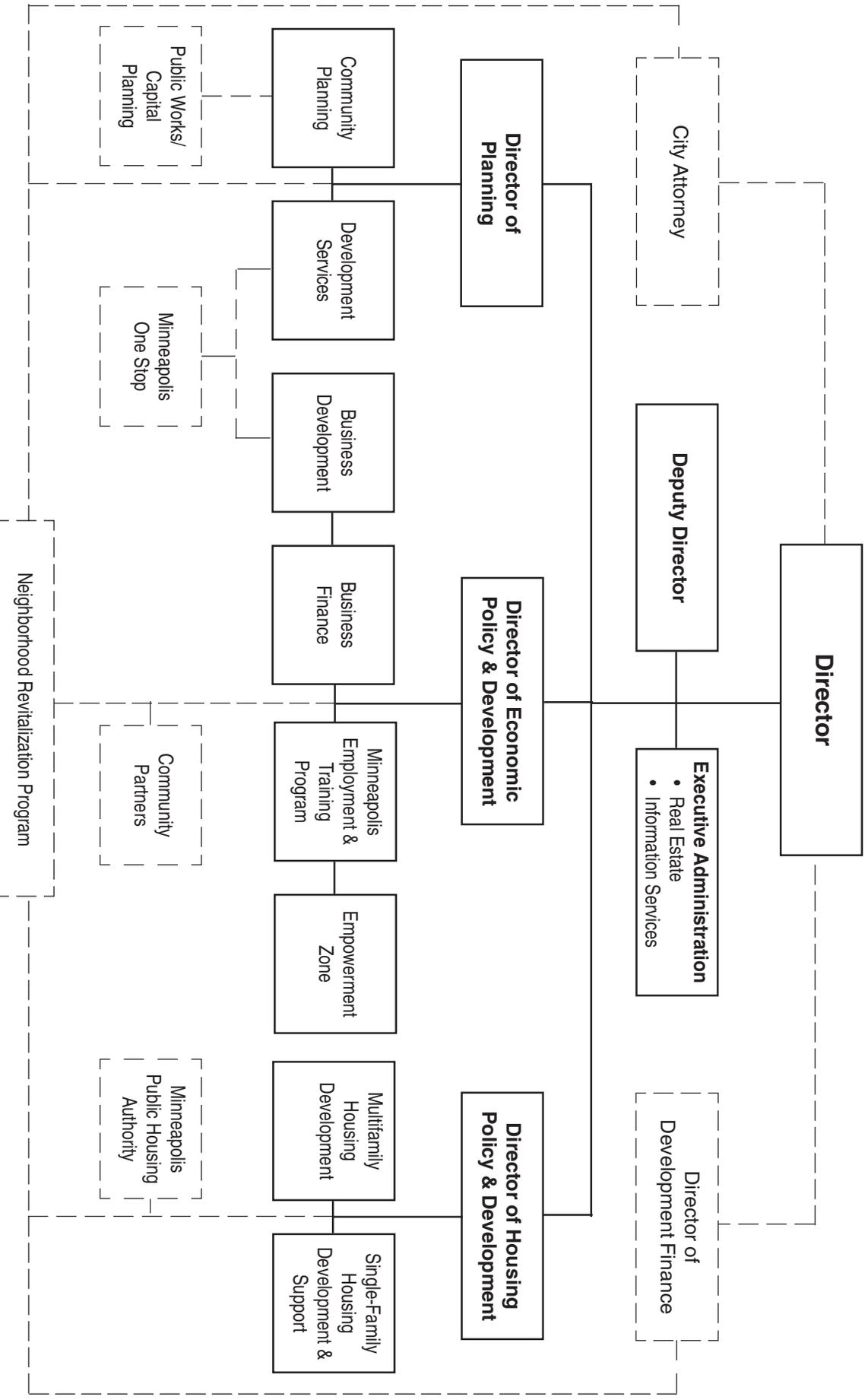
The Council removed the Mayor’s recommendation regarding the environmental coordinator position under the advice of Regulatory Services that the function could be accommodated without the addition of a position. The Council adopted the remaining Mayor’s recommendations. Additionally, a project was added to CPED to address the City’s commitment to acquire the Lao Lutheran Church for a total of \$600,000. CPED staff were directed to return with a recommendation within three years regarding funding sources within the Heritage Park project. The use of \$200,000 of current CPED business finance funding for neighborhood business associations was also approved.

**COMMUNITY PLANNING & ECONOMIC DEVELOPMENT
Staffing Information**

	2002	2003	2004	2005	%	
	Adopted	Adopted	Adopted	Adopted	Change	Change
	Budget	Budget	Budget	Budget		
FTE's by Division						
Executive	56.63	58.23	20.0	20.0	0.00%	-
Economic Policy and Development	33.50	32.50	25.0	28.0	12.00%	3.00
Strategic Partnerships	16.25	16.25	24.0	21.0	-12.50%	(3.00)
Housing Policy and Development	63.50	57.50	34.0	29.0	-14.71%	(5.00)
Planning	34.50	42.00	41.0	40.0	-2.44%	(1.00)
Total FTE's	204.38	206.48	144.00	138.00	-4.17%	(6.00)

Community Planning & Economic Development

Organization Chart July 2004



* Dotted lines indicate key on-going relationships with other departments and agencies.

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Agency - Inactive						
Capital Outlay	0	0	0	0		0
Contractual Services	0	0	0	0		0
Fringe Benefits	0	0	0	0		0
Operating Costs	0	0	0	0		0
Salaries and Wages	0	0	0	0		0
Total for Agency - Inactive	0	0	0	0		0
Capital Projects						
Capital Outlay	41,268,586	19,277,966	11,762,448	1,418,100	-87.9%	-10,344,348
Contractual Services	10,798,892	9,559,944	2,915,756	2,726,890	-6.5%	-188,866
Debt Service	0	0	0	1,168,837		1,168,837
Equipment	2,041	0	300	300	0.0%	0
Fringe Benefits	461,920	343,990	470,768	443,749	-5.7%	-27,019
Operating Costs	182,848	101,213	146,307	89,056	-39.1%	-57,251
Salaries and Wages	2,344,854	1,729,491	2,125,159	1,542,402	-27.4%	-582,757
Transfers	86,005,918	79,547,663	64,144,964	58,780,387	-8.4%	-5,364,577
Total for Capital Projects	141,065,059	110,560,267	81,565,702	66,169,721	-18.9%	-15,395,981
Debt Service						
Contractual Services	350	700	0	0		0
Debt Service	32,175,959	36,355,722	0	36,845,000		36,845,000
Transfers	1,131,500	1,602,363	1,500,000	0	-100.0%	-1,500,000
Total for Debt Service	33,307,809	37,958,785	1,500,000	36,845,000	2,356.3%	35,345,000
Enterprise Funds						
Capital Outlay	252,132	79,716	132,200	20,000	-84.9%	-112,200
Contractual Services	3,538,483	4,266,792	5,042,842	2,253,851	-55.3%	-2,788,991
Debt Service	2,101,782	1,204,382	155,000	0	-100.0%	-155,000
Fringe Benefits	25,713	43,520	44,912	73,376	63.4%	28,464
Operating Costs	109,167	636,651	1,415,850	3,015,290	113.0%	1,599,440
Salaries and Wages	125,640	188,416	199,610	241,992	21.2%	42,382
Transfers	132,418	45,828	0	0		0
Total for Enterprise Funds	6,285,335	6,465,305	6,990,414	5,604,509	-19.8%	-1,385,905
General Fund - City						
Capital Outlay	0	0	1,032	1,046	1.4%	14
Contractual Services	181,548	212,389	181,296	877,357	383.9%	696,061
Equipment	1,308	18,352	8,849	3,837	-56.6%	-5,012
Fringe Benefits	231,930	258,738	408,978	414,150	1.3%	5,172
Operating Costs	154,778	129,411	151,836	132,518	-12.7%	-19,318

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Salaries and Wages	1,102,810	1,266,435	1,432,075	1,646,321	15.0%	214,246
Total for General Fund - City	1,672,375	1,885,326	2,184,066	3,075,229	40.8%	891,163
Special Revenue Funds						
Capital Outlay	30,964,760	20,387,236	18,942,156	20,443,539	7.9%	1,501,383
Contractual Services	15,061,637	16,466,963	19,869,473	22,937,547	15.4%	3,068,074
Debt Service	19,563	-3,667	0	0		0
Equipment	114,135	26,329	144,312	11,724	-91.9%	-132,588
Fringe Benefits	1,651,253	1,834,893	1,577,843	1,578,464	0.0%	621
Operating Costs	2,171,294	1,996,806	1,333,195	1,491,471	11.9%	158,276
Salaries and Wages	8,664,011	8,336,414	6,801,537	4,856,772	-28.6%	-1,944,765
Transfers	1,552,603	5,305,047	887,746	0	-100.0%	-887,746
Total for Special Revenue Funds	60,199,257	54,350,020	49,556,262	51,319,517	3.6%	1,763,255
Total for COMMUNITY PLANNING	242,529,836	211,219,703	141,796,444	163,013,976	15.0%	21,217,532

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Charges for Sales	1,804,451	4,539,823	320,000	2,185,000	582.8%	1,865,000
Charges for Service	822,928	1,457,127	357,000	1,099,000	207.8%	742,000
Interest	1,806,958	-1,488,277	4,956,813	1,056,560	-78.7%	-3,900,253
Operating Transfers In	18,095,723	13,911,524	8,100,000	0	-100.0%	-8,100,000
Other Misc Revenues	2,782,041	3,412,989	5,189,720	894,000	-82.8%	-4,295,720
Proceeds of Long Term Liabilities	13,915,000	1,725,000	1,960,000	224,000	-88.6%	-1,736,000
Property Taxes	61,041,534	67,450,397	71,247,694	68,125,101	-4.4%	-3,122,593
Rents	2,682,184	2,587,153	3,247,990	4,035,892	24.3%	787,902
State Government	667,105	613,101	40,000	0	-100.0%	-40,000
Total for Capital Projects	103,617,925	94,208,837	95,419,217	77,619,553	-18.7%	17,799,664
Debt Service						
Charges for Service	-350	0	0	0	0.0%	0
Interest	13,142	1,554	152,000	225,740	48.5%	73,740
Operating Transfers In	32,550,681	35,512,380	1,500,000	36,870,740	2,358.0%	35,370,740
Total for Debt Service	32,563,473	35,513,934	1,652,000	37,096,480	2,145.5%	35,444,480
Enterprise Funds						
Charges for Sales	124,504	4,978	0	0	0.0%	0
Charges for Service	3,045,160	3,045,560	3,146,800	0	-100.0%	-3,146,800
Interest	2,422,579	1,368,918	1,912,000	67,015	-96.5%	-1,844,985
Operating Transfers In	0	1,620,279	0	0	0.0%	0
Other Misc Revenues	114,424	124,011	385,000	6,300,000	1,536.4%	5,915,000
Proceeds of Long Term Liabilities	26,438	0	0	0	0.0%	0
Property Taxes	0	0	0	548,365	0.0%	548,365
Rents	37,000	661,184	1,600,000	1,823,000	13.9%	223,000
Total for Enterprise Funds	5,770,105	6,824,930	7,043,800	8,738,380	24.1%	1,694,580
General Fund - City						
Charges for Sales	2,256	26,240	0	0	0.0%	0
Charges for Service	13,750	318,592	634,118	567,300	-10.5%	-66,818
Federal Government	0	0	0	0	0.0%	0
Other Misc Revenues	13,387	1,548	0	0	0.0%	0
Total for General Fund - City	29,393	346,380	634,118	567,300	-10.5%	-66,818
Special Revenue Funds						
Charges for Sales	2,190,954	3,052,508	1,785,976	3,925,000	119.8%	2,139,024
Charges for Service	9,031,380	7,714,131	7,649,431	3,270,500	-57.2%	-4,378,931
Contributions	81,623	73,916	75,000	50,000	-33.3%	-25,000
Federal Government	7,689,135	9,422,847	22,304,004	13,746,000	-38.4%	-8,558,004
Interest	-10,994,940	6,379,636	1,076,041	-81,377	-107.6%	-1,157,418
Local Government	447,972	1,314,018	1,120,000	750,000	-33.0%	-370,000

COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Special Revenue Funds						
Operating Transfers In	16,930,796	17,028,701	10,227,663	382,252	-96.3%	-9,845,411
Other Misc Revenues	4,091,007	4,825,506	6,412,039	6,048,000	-5.7%	-364,039
Proceeds of Long Term Liabilities	3,000	0	0	0	0.0%	0
Property Taxes	3,653,973	3,806,094	0	0	0.0%	0
Rents	97,792	135,651	110,466	152,020	37.6%	41,554
Sales and Other Taxes	176	235	0	0	0.0%	0
State Government	9,547,389	8,391,173	9,269,054	3,352,803	-63.8%	-5,916,251
Total for Special Revenue Funds	42,770,258	62,144,416	60,029,674	31,595,198	-47.4%	28,434,476
Total for COMMUNITY PLANNING AND ECONOMIC DEVELOPMENT	184,751,154	199,038,497	164,778,809	155,616,911	-5.6%	-9,161,898

FIRE DEPARTMENT

Mission Statement:

The mission of the Minneapolis Fire department is to provide quality emergency preparedness, prevention services, emergency medical and fire response that make a positive difference every day.

Primary Businesses:

Response - Safely minimize the loss of life and property due to emergency events.

- Emergency Medical Services (EMS) – providing effective emergency medical services
- Fire Response – providing effective response to fires
- Haz-Mat and Specialized Rescue – providing other emergency response services such as Haz-Mat and specialized rescue services

Prevention– Anticipate, prepare for and prevent future emergency events.

- Emergency Preparedness – preparing the City for major emergency events, including nuclear, biological and chemical weapons of mass destruction
- Fire Inspections and Enforcement – providing fire prevention inspections and enforcing the Fire Code
- Fire Education – providing fire/EMS education programs and safety information to the public

Key Trends and Challenges Impacting the Department:

The MFD has identified the following seven significant trends and challenges that will impact the Department during the next five years:

- Maintaining Our Standard of Coverage – NFPA Standard 1710
- Maintaining the Diversity of the Workforce
- Increasing Demand for EMS and Specialized Emergency Services
- Obtaining and Maintaining Accreditation by the Commission on Fire Accreditation International
- Identifying and Capturing Additional Sources of Revenue to Help Offset Budget Constraints
- Managing the Effects of Rapid Change and Reduced Financial Resources in the Workplace
- Restoring and Maintaining an Effective Labor Management Relationship

Key Initiatives or Other Models of Providing Service to be implemented in 2005

The MFD has identified the following Department-wide Key Initiatives that will be addressed in 2005 and beyond:

1. Identify and employ training opportunities to increase firefighter professionalism and effectiveness.
2. Obtain and maintain accredited agency status by the Commission on Fire Accreditation International.
3. Aggressive pursuits of new grant opportunities from the State and Federal governments, as they become available.
4. Develop partnerships and other initiatives to generate increased revenue to the Fire Department without the need for increased personnel.
5. Improve intradepartmental communication from the field to the administration and from the administration to the field.
6. Continue to focus on Emergency Preparedness - Nuclear, biological, and chemical weapons of mass destruction (NBC/WMD) threats by conducting and participating in disaster drills.
7. Manage the negative effects of rapid change on the workforce.
8. Restore an effective Labor/Management relationship that focuses on solutions to the challenges that the department faces in the future.
9. Update and implement the Fire Department Succession Plan to develop future leaders from within the organization.
10. Explore Automatic Aid relationships with neighboring communities that have full time firefighters working each day. These relationships will be with only those communities that have the resources to respond into the fringe areas of Minneapolis within an acceptable response time.
11. Retain and develop a diverse workforce that mirrors the community we serve.
12. Address cultural and language barriers that prevent customers from effectively interacting with the Fire Department.
13. Upgrade the Computer Aided Dispatch System in order to take advantage of new technology to improve customer service.
14. Expand the Fire Department's involvement in community outreach and public fire and EMS safety education.
15. Promote early public access to defibrillation to reduce the mortality rate of cardiac patients.

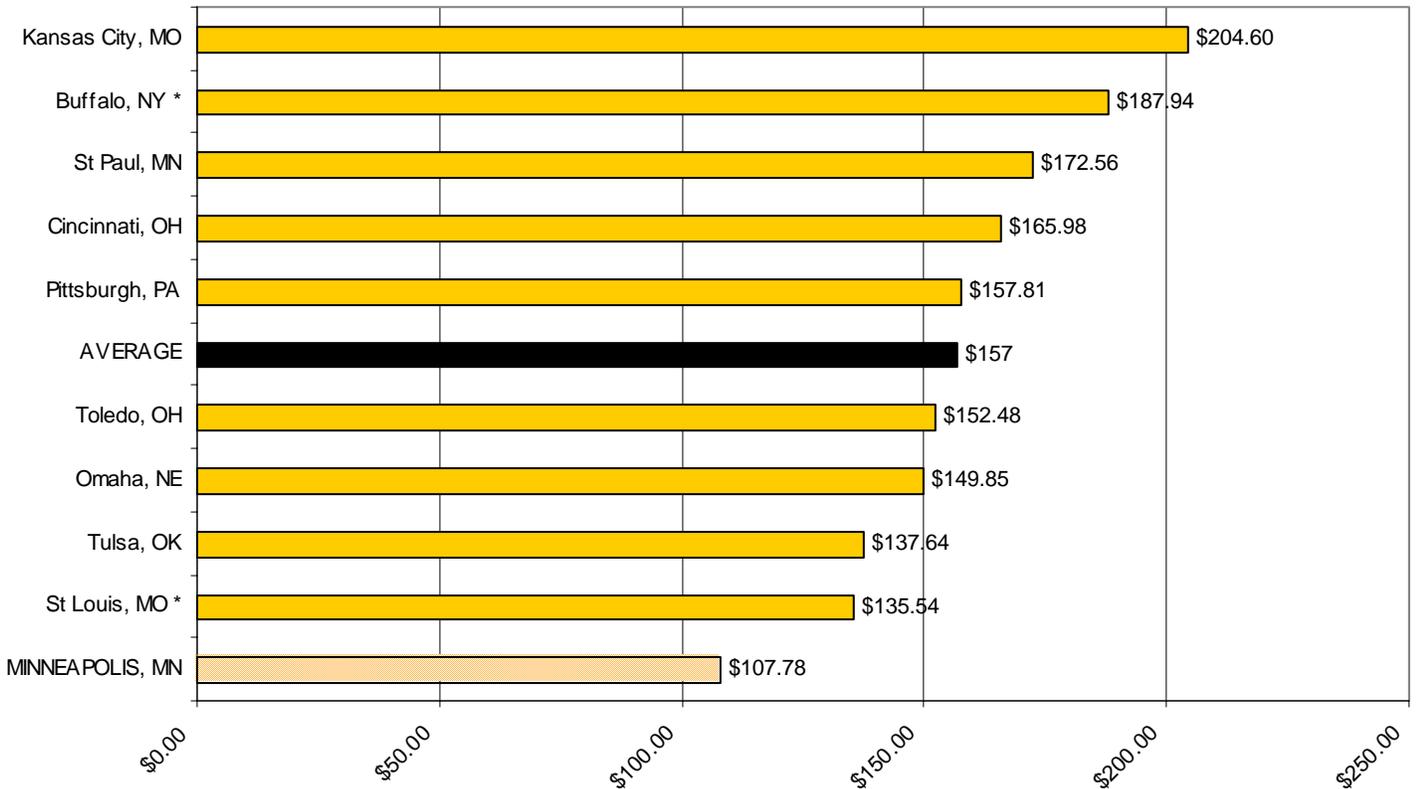
Primary Business: RESPONSE - Safely minimize the loss of life and property due to emergency events

Description of Primary Business: This business line includes providing effective response to fires; providing emergency medical services; and providing other emergency response services such as hazardous materials response (Haz-Mat) and specialized rescue services.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% of Citizens who are satisfied with the Fire Dept	93%	N/A	90%	90%	90%
% of citizens who report satisfaction with the professionalism of Firefighters (last 3 years)	96%	N/A	95%	95%	95%
% of structure fires held to the room of origin	N/A	85%	86%	85%	85%
\$ value of property lost due to fires	11,722,521	14,093,545	22,335,170	20,000,000	22,000,000
# of lives lost due to fires	7	5	8	8	8
# of times AED applied to a patient	N/A	N/A	131	150	175
% of total workforce that are women and people of color	41.5%	41.4%	42.8%	43%	44%
Remained within budget allocation	Yes	Yes	Yes	Yes	Yes
% of budget spent on overtime	2%	1%	.7%	.7%	.7%
Total number of calls for emergency service	34,802	33,454	33,013	33,000	33,000
Total EMS runs	24,542	21,745	21,879	22,000	23,000
% of time the first company is on-scene in 5 minutes or less on EMS calls	87.3%	88.3%	88.5%	90%	90%
% of time the first company is on-scene in 5 minutes or less on Fire calls	84.4%	93.8%	91.6%	90%	90%

**Fire Department Comparison
Benchmark Cities
2003 Annual Dollar Cost per Citizen**



Primary Business: PREVENTION - Anticipate, prepare for and prevent future emergency events

Description of Primary Business: This business line includes providing fire prevention inspections and enforcement of the Fire Code; providing fire education programs and safety information to the public; and preparing the City for major emergency events, including nuclear, biological, and chemical weapons of mass destruction.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of Fires	2856	2238	2194	2200	2200
Successful disaster simulation exercises held	1	3	4	4	4
Grant dollars received for emergency preparedness	43,281	863,500	538,274	5,000,000	5,000,000
% of structure fires where a cause is determined	N/A	90%	91%	90%	90%
% of residences that receive fire prevention literature	48,000	48,000	49,763	50,000	50,000
Community events with a fire department presence	N/A	N/A	127	150	150
% of Hazardous Materials Sites inspected each year	40%	100%	100%	100%	100%
Number of Housing Inspections Conducted	N/A	N/A	200	700	700

Financial Analysis:

EXPENDITURE

The Fire Department's budget of \$45.2 million represents a 4.4% increase over the 2004 Adopted Budget. The department's position count for 2005 is 444.5 positions, taking into account one position that was moved to Operations and Regulatory Services during 2004.

While the Fire Department labor contract is in arbitration, a 2% rate of increase was assumed for this and all other labor contracts not settled. Approximately 82% of the department's budget consists of personnel expenses.

Non-personnel expenses represent approximately 18% of the department's budget, of which, 70% is paid to the City's Internal Service funds for mobile equipment rent, station rent, self insurance and radio communication services. The remaining expenses are for uniforms, equipment, utilities and supplies.

The budget for this department includes \$810,000 in BIS charges calculated on a city-wide rate model and \$76,000 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Fire Department budget is \$44.3 million, a 2.4% increase over 2004.

REVENUE

The Department's revenue from Charges for Services increased by \$106,000 to reflect additional revenue received from the Convention Center for EMS coverage. Additionally, \$170,000 was removed from the Charges for Sales, a change in accounting treatment.

The largest revenue source for the Department is state government aid, specifically \$1.2 million that is allocated to the Department's General Fund revenue budget to offset PERA pension costs.

The Fire Department has experienced an increase in federal grants for equipment, training and technology due to homeland security. In 2004, the City received 16 grants, up from 3 grants in 2003. Many of the grants extend into 2005.

FUND ALLOCATION

The Fire Department's budget is funded predominantly from the General Fund.

MAYOR'S RECOMMENDED BUDGET & ADOPTED BUDGET

The Mayor's Recommended and the Council Adopted Budget included the Department's target strategy which reduced their budget by eliminating two Staff Deputy Chief positions, adding an Assistant Chief position, and eliminating 3 firefighter positions. Allocations were also made for additional overtime. A reallocation of General Fund dollars to CDBG dollars occurred to cover a .25 Fire Inspector position for the Problem Properties Initiative.

**FIRE DEPARTMENT
Staffing Information**

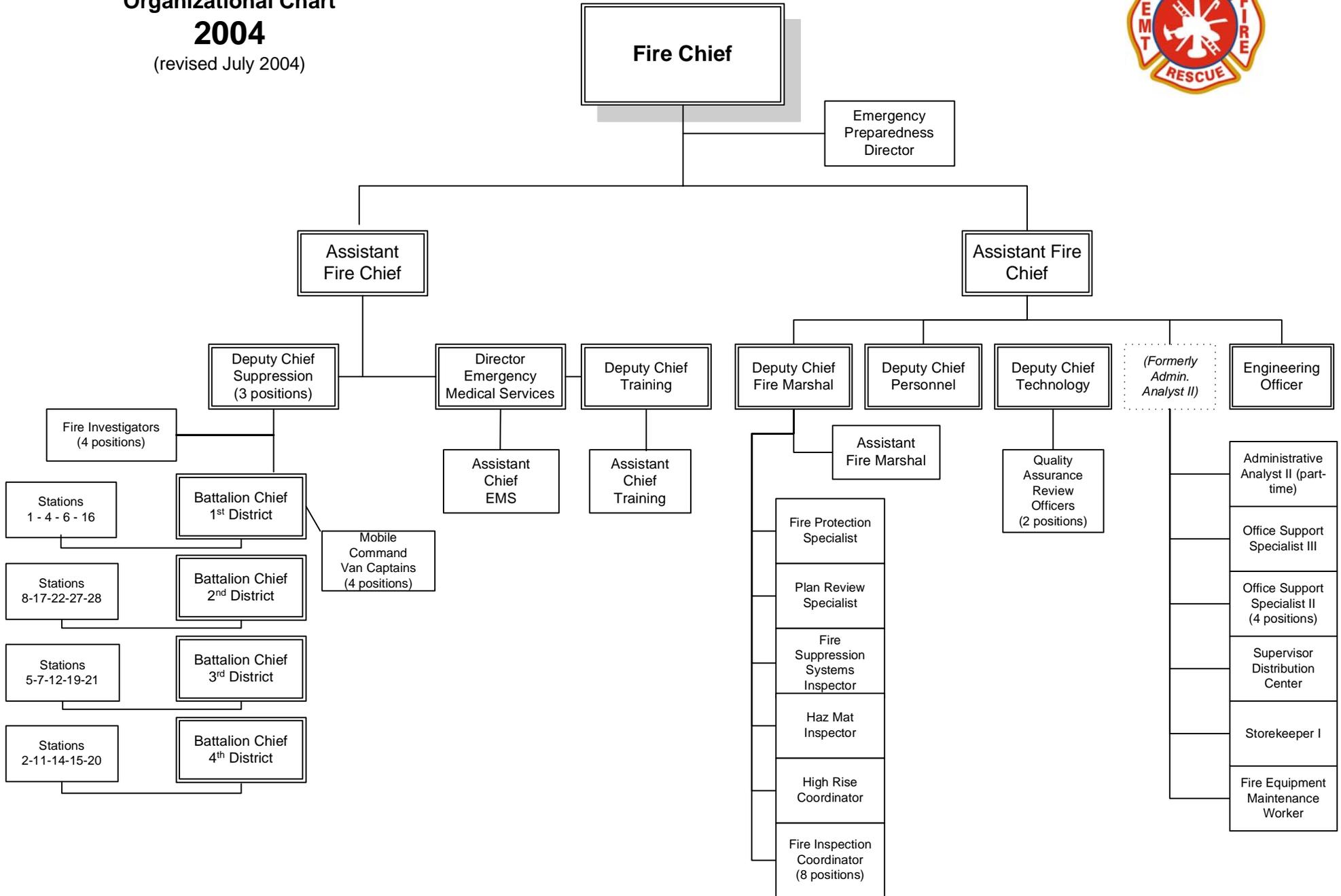
	2004 Adopted Budget	2005 CSL	2005 Mayor Recomm.	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	18.50	20.00	19.00	19.00	2.70%	0.50
Fire Suppression & Emergency Services	412.00	406.00	403.00	403.00	-2.18%	(9.00)
Fire Prevention	18.00	22.50	22.50	22.50	25.00%	4.50
Emergency Preparedness	1.00	-	-	-	-100.00%	(1.00)
Total FTE's	449.50	448.50	444.50	444.50	-1.11%	(5.00)

Minneapolis Fire Department

Organizational Chart

2004

(revised July 2004)



**FIRE DEPARTMENT
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	5,102,040	5,212,355	3,902,866	5,282,409	35.3%	1,379,543
Equipment	415,277	127,183	323,713	328,244	1.4%	4,531
Fringe Benefits	7,026,951	7,076,149	8,202,580	8,395,892	2.4%	193,312
Operating Costs	1,662,121	1,635,020	2,392,778	2,438,640	1.9%	45,862
Salaries and Wages	27,465,394	25,882,980	28,493,754	28,755,192	0.9%	261,438
Total for General Fund - City	41,671,783	39,933,687	43,315,691	45,200,377	4.4%	1,884,686
Special Revenue Funds						
Contractual Services	126,973	145,105	0	0		0
Equipment	864,143	198,845	0	0		0
Operating Costs	459,746	107,063	0	0		0
Salaries and Wages	0	178,030	0	25,000		25,000
Total for Special Revenue Funds	1,450,862	629,043	0	25,000		25,000
Total for FIRE DEPARTMENT	43,122,645	40,562,730	43,315,691	45,225,377	4.4%	1,909,686

**FIRE DEPARTMENT
Revenue Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	3,515	8,978	170,200	200	-99.9%	-170,000
Charges for Service	173,865	276,279	175,000	281,000	60.6%	106,000
Licenses and Permits	28,650	122,561	984,000	984,000	0.0%	0
Local Government	0	27,434	0	0	0.0%	0
Other Misc Revenues	87,416	92,313	100,500	100,500	0.0%	0
State Government	1,200,000	1,200,000	1,200,000	1,200,000	0.0%	0
Total for General Fund - City	1,493,445	1,727,565	2,629,700	2,565,700	-2.4%	-64,000
Special Revenue Funds						
Contributions	0	0	0	0	0.0%	0
Federal Government	1,418,262	450,484	0	0	0.0%	0
Operating Transfers In	31,100	4,900	0	0	0.0%	0
State Government	1,500	408,927	0	0	0.0%	0
Total for Special Revenue Funds	1,450,862	864,311	0	0		0
Total for FIRE DEPARTMENT	2,944,307	2,591,877	2,629,700	2,565,700	-2.4%	-64,000

HEALTH DEPARTMENT

Mission Statement:

To improve the physical, mental, and social health of Minneapolis residents through partnerships with residents, schools, community agencies, other units of government, the philanthropic community and the private sector.

Primary Businesses:

- Policy and Advocacy
- Research and Evaluation
- Direct Services
- Community Initiatives
- Supporting the Community Safety Net
- Protecting the Public – Emergency Preparedness

Key Trends and Challenges Impacting the Department:

Public health services are most effective and valuable when they prevent problems and the need for costly interventions later on. For example, vaccinations can prevent a host of debilitating and even fatal diseases. Early child development programs contribute to increased school retention, academic success, and future employment. Programs that reduce births to teenage mothers contribute significantly to reductions in the overall child poverty rate. These efforts also have far-reaching and long-term implications because children of teenage parents face poorer infant health, lower academic achievement, greater risk of social and emotional problems, and a greater probability of becoming teen parents themselves. Home nursing and chore services help seniors to stay in their homes, reducing costs associated with nursing home placements and improving overall quality of life.

The data to support public health investments are persuasive. Research conducted by economists at the Minneapolis Federal Reserve Bank documents that money put toward early childhood programs may be the best form of economic development available. These programs yield a 12 percent annual return, after inflation. Art Rolnick, who specializes in examining public investments, argues investing in human development is economic development, and the earlier the investment, the better the return.

An issue brief released by the U.S. House of Representatives Committee on Ways and Means (April 23, 2004) states that the steep decline in the teen birth rate is a significant factor in reducing child poverty and single-parent families. Nationally, the teen birth rate peaked in 1991 and then declined 30 percent. At the same time, the overall child poverty rate declined by 23 percent. An examination of many contributing factors concluded that more than one-fourth of the reduction in child poverty is attributable to the decline in teen births. A study conducted by the Centers for Disease Control and Prevention has shown that the delayed initiation of sexual intercourse and improved contraceptive practices contributed equally to declines in teen pregnancy. A study that examined an eight-year multi-state panel database found that public health expenditures and public health activities significantly decreased births to teenage mothers. This same study also found the public health expenditures significantly decreased the number of infants whose mothers receive late or no prenatal care.

Other evidence of the cost benefits of investments in public health abounds. The challenge for the Minneapolis Department of Health and Family Support, like other public health agencies, is to garner sufficient resources to ensure that adequate investments are made in human capital while also

attending to immediate and pressing needs such as access to health services and preparing for public health emergencies.

Awareness of the unique public health needs of urban areas is increasing, especially the need to deal simultaneously with a variety of social and environmental determinants of health, such as housing, educational and employment opportunities, childcare, and access to healthful foods and recreational areas. However, resources have diminished in recent years, largely due to federal and state budget cuts which affect funds available locally. Eligibility for the state's public health care programs has been restricted, increasing the number of low-income local residents who lack health insurance. Day care subsidies have been cut severely.

Categorical funding and the time-limited nature of certain grants limit the department's flexibility in resource allocation and ability to plan long-term. For example, federal funds are now available for emergency preparedness planning, but whether a sustainable infrastructure can be maintained indefinitely is an open question. The formula for distribution of the state's public health monies next year is still uncertain and will remain subject to change in the future, as urban, suburban, and rural constituencies contend for a greater share of limited funds. The loss of programs such as the Youth Risk Behavior grants when the state's tobacco endowment was redirected in the last legislative session was another blow to public health efforts. Funding reductions that threaten successful programs and services are likely to stem or even reverse public health successes in Minneapolis, most notably the declines in teen births and infant mortality.

Future gains in local public health are most likely to result from collaborative efforts across the public and private sectors. City departments will need to work together with one another, with other government-level agencies and with community partners to efficiently address housing, health services, and other needs, and to foster environments that promote healthy lifestyles. This type of cross-disciplinary cooperation and community engagement takes a great deal of time and effort. Such endeavors become more difficult when individual departments and staff are struggling to meet day-to-day needs. Successful planning and implementation of changes that will yield long-term results will continue to be one of the key challenges facing the Department of Health and Family Support.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

Insure and Improve Access to Healthcare

- Minneapolis will work with other organizations to advocate for passage of a bill to implement a universal health coverage system for children based on City Council action in 2004.
- The Department will prioritize support for Minneapolis community clinics, school based clinics and public health nursing in funding decisions.
- The Department will continue outreach efforts such as those at the New Families Center that help connect individuals and families with health coverage and health care services.

Rebuild the Public Health Infrastructure

- Implement a training plan for Department staff which ensures that 95% of the staff are trained and 50% have participated in an exercise/drill for roles they would be expected to fill in an emergency.
- Ensure that 95% of the department's management staff are trained in the City, regional, county, and department plans and have had hands on experience through exercises in leadership positions.
- Work closely with Regulatory Services, Communications, and other City department staff to ensure maximum participation in training and public health emergency exercises.

Institutionalize the City's Capacity to Address the Needs of Residents with Limited English Proficiency

- In 2005, Minneapolis Multicultural Services will continue to provide services to city residents including interpretation, translation, advocacy, outreach, and technical assistance to ensure that

- basic customer service is provided to limited English speaking persons (immigrants and refugees).
- Key activities in 2005 include implementation of the federally-required Limited English Proficiency plan at the enterprise-wide and departmental levels, spearheading outreach activities such as La Feria, a family fair for Hispanic families in Minneapolis community organizations and the Hmong New Arrivals working group, and delivering on-site services with Somali community organizations.

Address the Social Determinants of Health

- Initiate at least one effort to incorporate health related measures into an enterprise planning initiative.

Work with Hennepin County to Align Priorities and Investments and Expand Partnerships to Address Urban Health Issues

- Before the end of 2004, staff will report back to the City Council and Hennepin County Board with a document summarizing key roles and responsibilities, making recommendations for an ongoing collaborative mechanism for working with residents, community leaders and the Local Public Health Advisory Committees; and proposing a process for elected officials to approve and oversee an urban health agenda. In 2005, those measures will be enacted as approved by the Mayor/City Council.
- In 2005, the Department's staff, in concert with staff from St. Paul/Ramsey and Hennepin County, will institutionalize a formal and ongoing structure and identify at least four policy initiatives or projects that can be jointly addressed on behalf of urban residents.

Prevent Childhood Lead Poisoning

- Controlling all lead hazards in housing by the year 2010 is the ultimate goal of all lead initiatives.
 1. Outreach and education for at-risk families, landlords and property owners will be provided, including 400 community events, 625 community-based blood lead tests, and 480 in-home visual assessments.
 2. 400 low-income housing units will be enrolled in lead hazard treatment programs.

Reduce Exposure to Second Hand Smoke

- The Department will assist City leaders with implementation of the ordinance to limit workplace tobacco use when approved, and will actively work in concert with Intergovernmental Relations to support the City's legislative agenda items that pertain to tobacco use. If awarded a Steps to a Healthier USA grant in response to a proposal submitted in June 2004, the Department will reinvigorate its Step Out to Smoke campaign and expand it to the South Side.

Primary Business: Policy and Advocacy

Description of Primary Business: Based on needs identified by the community and public health and human services research, the Department advocates for policy change and develops community initiatives that will positively impact families and children. The goal of policy activities is to reduce barriers to health and social services for Minneapolis residents. These efforts advance the City goal of promoting public, community and private partnerships to address disparities and to support strong, healthy families and communities.

The Department works with the City's IGR staff and policy makers to develop and advocate for health and family support-oriented legislative priorities. Key issues include: access to safety-net health care services, protecting access to confidential health care services for adolescents, lead poisoning prevention, and elimination of health disparities. Legislative priorities are developed in coordination with community and advocacy partners such as the Children's Defense Fund, the Local Public Health Association, and other health and human services groups. Examples of policy

initiatives include advocating for a fair distribution of public health subsidy funds so that complex urban health issues can be addressed. In 2003, the Department helped to shape a statewide public health distribution formula that protected core public health services for Minneapolis in the face of significant budget cuts. Other efforts include the protection of the Minor Consent law which enables adolescents to receive critical and confidential chemical health, mental health, and reproductive health services.

Policy staff are also engaged in obtaining external funding for public health programs such as lead prevention outreach, home visiting for undocumented Hispanic teens, and early literacy efforts. The grant writer position, housed in this division, is responsible for identifying grant opportunities that align with the Department priorities as well as forwarding information about grant opportunities to community partners.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Health Care Access Resources to reduce Health Disparities	na	Eliminating Health Disparities Initiative funding remains intact. Safety net programs remain intact.	Slight budget cut to the Eliminating Health Disparities Initiative. Safety net programs cut dramatically. An estimated 4,000 Mnpls residents will lose health care coverage by 2007.	Department is working on developing an urban health policy agenda.	Advocate against State budget cuts to safety net programs. Implement elements of the urban health policy agenda.

Explanation of Key Performance Measures: During the 2004 legislative session, the Department worked to protect the state's Eliminating Health Disparities Initiative and the Minor Consent Law, and to prevent further erosion of safety net programs such as General Assistance Medical Care, Minnesota Care, newborn eligibility for health services and the prevention of child lead poisoning. With continued budget deficit scenarios at the state level, the focus will be on protecting safety net programs and policy approaches that support the health of Minneapolis residents. Another key activity will be to sustain adequate funding for urban health departments as the state formula for Local Public Health funds is revamped. Policy staff will continue to work with other local and state public health departments and community groups to define and make progress on developing an urban health policy agenda.

Primary Business: Research and Evaluation

Description of Primary Business: The Research and Evaluation Division conducts a wide range of surveillance, needs assessment, research, and evaluation activities that address three major objectives: 1) Targeting social and environmental determinants of health; 2) Reducing risk behaviors and, promoting health-enhancing behaviors; 3) Improving access to and quality of health services.

These activities align with the City goals to foster partnerships to reduce health disparities and support healthy communities. Key customers include elected officials, other City Departments, community agencies, and residents.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Epidemiological studies	SHAPE survey development	6,560 adult residents interviewed	SHAPE reports on community-level data	SHAPE reports on special populations & health topics. MN Student Survey conducted in Mpls Public Schools	Additional SHAPE reports and student survey reports.
Project evaluation, special research reports	Reports on health disparities, teen parents	Reports on health disparities, teen parents	Reports on benefits of youth activities, perinatal periods of risk	Youth suicide prevention project evaluation. First annual report on male reproductive health project.	Comprehensive evaluation of Twin Cities Healthy Start birth outcomes. Second annual report on male reproductive health project.

Primary Business: Direct Services

Description of Primary Business: The Department of Health and Family Support operates under the principle that the City should not do what the community can do for itself. While direct service delivery most often falls within the purview of the private sector, including not-for-profit organizations, or Hennepin County Human Services, there are exceptions. These are:

- Instances in which the service builds capacity, supports other City departments, or creates citywide efficiency. Examples of these are the Public Health Laboratory, Minneapolis Multicultural Services, the Senior Ombudsman, and the Housing Advocates.
- Instances where the service fills a unique niche or gap in the community delivery system, and where other resources can be secured. These include the School Based Clinics, New Families Center and the Skyway Senior Center. These represent little or no direct financial investment from the City tax base.

There are times when the service activity meets both these criteria. Examples are the Public Health Laboratory and the Senior Ombudsman’s Office.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of lab tests performed	103,300	75,500	89,770	120,000	110,000
Lab revenue generated	\$673,161	\$593,258	\$675,409	\$605,000	\$630,000
Multicultural clients encountered	Work with most City dpts to develop MMS	All City departments	All City departments	All City departments	All City departments
Senior Ombudsman contacts with seniors	na	12,013	12,500	13,500	13,500
Number served in the Senior Tax Program	na	7,453	12,500	10,500	10,500
Annual visits to the Skyway Senior Center	na	13,500	15,061	15,600	15,000
Number of class participants to the Senior Skyway Center	na	4,000	4,730	4,560	4,500
Senior Skyway volunteer hours	na	2,500	2,354	2,294	2,300
School Based Clinic student encounters	10,016	9,131	8,253	8,500	8,500
School Based Clinic revenue generated through billing	\$19,000	\$40,000	\$78,943	\$99,000	\$110,000
New Families Center - number of individual enrolled in public health insurance programs	400 families (881 children)	2,214 individuals	2,878 individuals	4,000 individuals	4,500 individuals
Number of immunizations administer in the New Families Center	2,137	3,414	3,500	3,500	3,500
Number served by Housing Advocates	na	10,139	9,235	9,192	9,500
Housing Advocates - Legal Aid number served	na	495	365	400	420

Explanation of Key Performance Measures: These performance measures are of three primary types: Specific numbers of individuals served (Senior Ombudsman, Housing Advocates, Skyway Senior Center, School Based Clinics, New Family Center and Multicultural Services); Activities that build capacity and serve the enterprise such as the Public Health Laboratory, Minneapolis Multicultural Services, Housing Advocates and the Senior Ombudsman; or have specific revenue targets such as the laboratory.

Primary Business: Community Initiatives

Description of Primary Business: Community initiatives align with the City goals to promote public, community, and private partnerships to address disparities and to support strong, healthy families and communities. These are most often funded by public health formula funds, competitive grants, or Department in-kind support. Formation of these initiatives is guided by data-driven public health priorities; city, department and community readiness; capacity; and opportunity.

Community initiatives include activities in which Department staff engage in work that enhances the community service delivery system and includes the participation of residents, community organizations, other units of government, City departments and the private sector. Every division of the Department participates in these initiatives. Current initiatives include, Improving Birth Outcomes, Improving Adolescent and Young Adult Health, Early Childhood and School Readiness, Health Education and Promotion, Tobacco Reduction Initiatives, Fostering American Indian Community Engagement and Public Health, Reducing Health Disparities in the Community - EDHI Grantees, and Improving Community Safety. Improving Community Safety includes, Lead Poisoning Prevention, Weed and Seed, Minneapolis Curfew Truancy Center, and Family Violence Intervention.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Number of Families enrolled in Healthy Start	270	390	262	262	262
Repeat teen births	182 (23.4% of teen births)	155 (20.6% of teen births)	Further decrease	Further decrease	Further decrease
Births to teens	780 (11.8% of births)	752 (11.3% of births)	Further decrease	Further decrease	Further decrease
Conduct second hand smoke campaign	na	Campaign launched in Near North and Camden in Feb 2002	Campaign continued in Near North and Camden	Applied for STEPS funding to re-implement campaign on the North side, and also bring it to South Mpls.	If STEPS funding received, begin campaigns in North and South Mpls.
Develop health disparities policy agenda	na	na	Worked with grantees to advocate for continued funding	Work with EHD1 grantees, St. Paul Ramsey and Hennepin County Health Departments and the Minnesota Department of Health to shape a joint health disparities policy agenda.	Implement Health Disparities Policy agenda
Minneapolis children and pregnant women tested for lead at community-based settings	na	0	125	385	335
In-home visual lead assessments provided	na	0	18	160	320
Average crime reduction within Weed & Seed zones	-8.9%	-8.51%	-9%	10% decrease proposed, Summer Safety Strategy	-8.5%
Northside Weed & Seed Safe Havens: North Commons & YMCA	na	na	1292	1485	1707
Phillips Weed & Seed Safe Havens: Little Earth, Pillsbury Waite House & Minneapolis American Indian Center	na	na	2115	1904	2094
Curfew Truancy Center Utilization - Curfew	1,376	1,275	964	500	1,000
Curfew Truancy Center Utilization -Truancy	1,612	1,585	762	456	1,286

Explanation of Key Performance Measures: These community agencies are a key part of the delivery system for reducing health disparities and addressing the underlying social determinants of health in Minneapolis. Relationships with these groups need to be established or maintained so that the Department can bring to bear resources to support the efforts of these groups. Many of the competitive grant opportunities are in these areas..

Primary Business: Supporting the Community Safety Net

Description of Primary Business: Excluding the direct services noted earlier, these are contracted-service activities. Funding is a blend of the City General Fund, Community Development Block Grant, State and Federal Public Health Grants, and other grants. Some of these functions were formerly direct services staffed and managed by the City's Health Department. The investments support core areas of the infrastructure in the community delivery system. Services included are: Neighborhood Healthcare Network, Child Care, Home Visiting, Children's Dental Services, Services for Seniors - Chore Services and Block Nursing.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Medical visits to the Neighborhood Healthcare Network	6,332	6,217	6,489	6,390	5,924
Dental visits to the Neighborhood Healthcare Network	834	848	306	400	270
Number of families served by the Greater Minneapolis Day Care Association	124	128	78	75	31
MVNA - PHN home visits	5,049	4,976	3,896	4,500	4,500
MVNA - PHN home visits for seniors	320	429	657	500	500
Child care site training/consultations	465	465	399	306	0
Children's Dental visits	839	834	836	789	783
Residences served by Chore Services	76	300	288	257	102
Senior/Block nursing visits	809	691	581	587	205

Explanation of Key Performance Measures: Areas above with projected lower outcomes for '04 reflect expected reductions in CDBG funds beginning June 1, 2005. The CDBG allocation process is presently under review.

NHCN clinics provide a disproportionate share of services to families at greatest risk of disparities due to poverty. Increased need with diminishing resources for uncompensated care on a federal, state, and local level is significantly taxing the capacity of the clinics to provide services. Further reductions in Minnesota Care, General Assistance Medical Care, and other funding sources, could lead either to clinic closures or to their inability to accept additional uninsured clients.

Day care services have faced large budget cuts from several levels in the past year. Continued support for families in need, is jeopardized. For many low and moderate wage workers this is a particular threat to family economic stability. From the City of Minneapolis, GMDCA presently receives \$311,000 in CDBG (Year 30) funds to subsidize day.

Increasing needs and diminishing resources threaten the capacity of Children's Dental Services and other community dental providers to serve low-income and uninsured children.

Key challenges for all of these projects are to sustain financial support during these challenging times. These are services that are essential to helping seniors live independently, supporting the diversity of populations within neighborhoods, and maintaining the City's housing stock. Both projects presently receive support from the City's CDBG funds.

Primary Business: Protecting the Public - Emergency Preparedness

Description of Primary Business: To meet the City goal of building communities where people feel safe, the Department and partners (City Emergency Management, public safety, and Hennepin County, and metro local public health agencies) are developing all-hazards emergency preparedness plans. The plans includes rapid communications, disease surveillance, implementation of mass dispensing sites, and other response activities as needed, with special attention to vulnerable and multicultural populations.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
100% of the Department staff will be trained for roles they would be expected to fill in a Public Health emergency and will participate in exercises to build their proficiency.		Key administrative staff trained in Incident Command	-98% of Department staff trained in emergency preparedness basics.	Leadership: All department leaders participate in training on plans, including Risk Communication and Incident Command.	-Continue the training plan. -At least one exercise will be conducted with all department staff in conjunction with Hennepin County and other City departments

Explanation of Key Performance Measures: Critical to the planning efforts is the need for public health staff to quickly become trained and credentialed in the field of emergency management so that planning, response and recovery by the Department can best serve the people of Minneapolis in the event of an emergency. A specific area of concern is ensuring preparedness for vulnerable and multicultural populations. These populations represent a growing percentage of the resident base, and their preparedness needs have yet to be addressed in existing emergency plans. Much of the challenge for the Department will be coordinating with state, regional, and county government and community partners to develop an emergency preparedness plan that is comprehensive, efficient, and effective.

A key challenge will be to build a sustainable capacity in emergency preparedness while federal resources are available.

Financial Analysis:

EXPENDITURE

In 2004, the Minneapolis Department of Health and Family Services' total budget was \$13.3 million, including \$1.0 million of Community Development Block Grant grants to non-profits. For 2005, MDHFS' total budget is \$12.9 million, a 3.0% decrease over the 2004 Adopted Budget. Based on the State requirements, the City needs to maintain a minimum of \$2.4 million as local match to qualify for the available Local Public Health grants. There is a shift of \$350,000 for the Youth in Minneapolis After School Program (YMAP) into this department's budget, a change in previous accounting practice.

The budget for this department also includes \$633,000 in BIS charges calculated on a city-wide rate model and \$12,500 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 MDHFS budget is \$12.3 million, a 7.8% decrease over the 2004 Adopted Budget.

REVENUE

In 2005, Federal grant fund availability is at approximately the same level as in 2004 (\$3.3 million). State grants are projected to decline by 16.2% or \$581,000, with local funds increasing by \$40,000.

FUND ALLOCATION

MDHFS' \$12.9 million budget for the year 2005 is derived from the General Fund (28.2%), CDBG (16.4%), Federal funds (25.5%), and State and other local funds (29.9%).

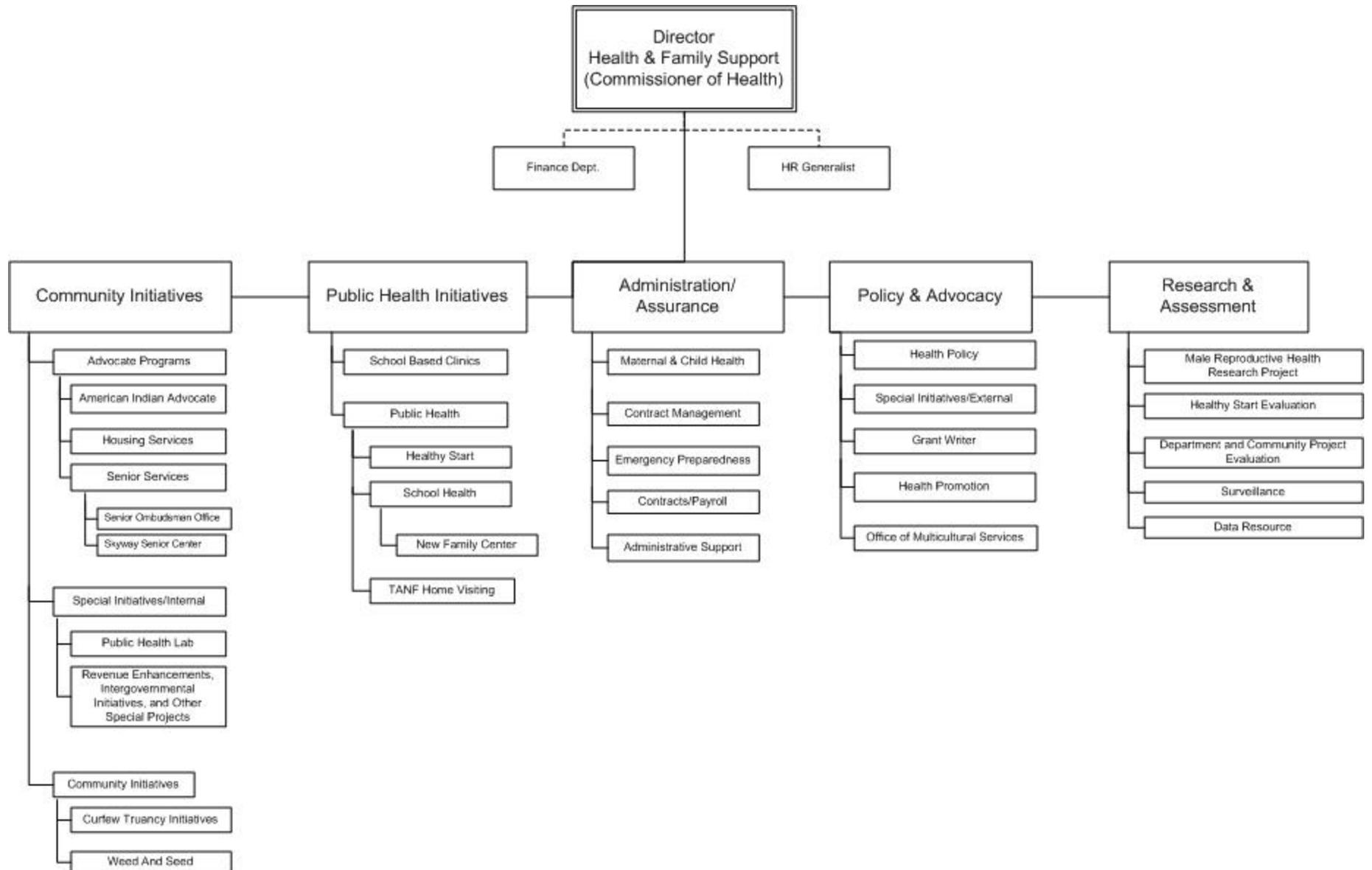
MAYOR'S RECOMMENDED BUDGET & ADOPTED BUDGET

The Mayor's Recommended and Council Adopted Budget for 2005 General Fund budget eliminated \$724,000 out of the General Fund and the following services to the community: Minnesota Visiting Consultation (\$230,000), Clinic Enhancement Services (\$92,000), Health Education/Health Promotion (\$58,000), Youthlink/Project Offstreets (\$25,000), North Point-School Based Clinic (\$25,000), DHFS-School Based Clinic (\$31,500), Domestic Abuse Project (\$28,000), Way to Grow shift to Other Grants (\$96,000), Shift 311 Call Center Costs to Bioterrorism Grant (\$15,000), grant funded director position elimination, School Based Clinics' staff shift to grants (\$50,000), anticipated Way to Grow Base Change (\$60,000), and additional Administrative Strategies (\$13,500).

A 0.5 position and \$37,500 were provided to the department to share a Youth Development Outreach position with the Youth Coordinating Board. One-time funding of \$65,000 was also allocated to mitigate the reduction to the Way to Grow program. The City Council further added one-time funding of \$75,000 to fund the Minnesota Visiting Nurses Association services with daycare providers. Finally, the Mayor recommended and the Council concurred with a transfer of the New Arrivals Program and the Native American Advocate into the Civil Rights Department, which reflects a transfer of 5 positions and \$235,000.

**HEALTH AND FAMILY SUPPORT
Staffing Information**

	2002	2003	2004	2005	%	%
	Adopted	Adopted	Adopted	Adopted	Change	Change
	Budget	Budget	Budget	Budget		
Total FTE's	69.15	75.40	73.90	69.00	-6.63%	(4.90)



**HEALTH AND FAMILY SUPPORT
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Contractual Services	0	0	0	0		0
Total for Capital Projects	0	0	0	0		0
General Fund - City						
Capital Outlay	0	0	2,739	2,777	1.4%	38
Contractual Services	2,289,609	2,079,942	2,173,409	2,434,211	12.0%	260,802
Equipment	21,671	2,553	0	0		0
Fringe Benefits	267,960	227,225	261,074	241,830	-7.4%	-19,244
Operating Costs	136,862	184,605	121,324	115,320	-4.9%	-6,004
Salaries and Wages	1,083,294	920,455	906,766	858,590	-5.3%	-48,176
Total for General Fund - City	3,799,395	3,414,780	3,465,312	3,652,728	5.4%	187,416
Special Revenue Funds						
Contractual Services	7,400,340	7,273,739	5,866,024	5,406,172	-7.8%	-459,852
Equipment	-14,222	963	0	0		0
Fringe Benefits	495,325	613,383	824,201	838,011	1.7%	13,810
Operating Costs	155,460	128,573	69,328	41,183	-40.6%	-28,145
Salaries and Wages	2,208,448	2,472,709	3,107,910	2,999,174	-3.5%	-108,736
Transfers	36,466	22,567	0	0		0
Total for Special Revenue Funds	10,281,817	10,511,934	9,867,463	9,284,540	-5.9%	-582,923
Total for HEALTH AND FAMILY SI	14,081,212	13,926,714	13,332,775	12,937,268	-3.0%	-395,507

**HEALTH AND FAMILY SUPPORT
Revenue Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Service	530,967	589,744	600,000	609,000	1.5%	9,000
Other Misc Revenues	-637	0	0	0	0.0%	0
Total for General Fund - City	530,330	589,744	600,000	609,000	1.5%	9,000
Special Revenue Funds						
Charges for Service	59,910	75,720	25,000	90,000	260.0%	65,000
Contributions	126,842	208,445	141,832	145,000	2.2%	3,168
Federal Government	4,696,933	5,368,870	3,303,822	3,301,349	-0.1%	-2,473
Local Government	297,765	309,041	305,000	345,000	13.1%	40,000
Operating Transfers In	0	60,000	0	0	0.0%	0
Other Misc Revenues	11,222	3,631	55,537	100,000	80.1%	44,463
Sales and Other Taxes	84,097	64,423	60,000	45,000	-25.0%	-15,000
State Government	2,032,395	1,991,113	3,589,609	3,008,592	-16.2%	-581,017
Total for Special Revenue Funds	7,309,165	8,081,243	7,480,800	7,034,941	-6.0%	-445,859
Total for HEALTH AND FAMILY SUPPORT	7,839,495	8,670,987	8,080,800	7,643,941	-5.4%	-436,859

Mission Statement:

To provide the Mayor with skillful, informed guidance and support in the development, promotion and implementation of policies and programs that reflect the needs and values of Minneapolis residents, and maintain the highest standards of quality and service.

Primary Businesses:

- Policy & Program Development
- Policy & Program Promotion
- Policy & Program Implementation

Key Trends and Challenges Impacting the Department:

Severe financial constraints continue to present the primary challenges to the city as a whole. While this situation has created the opportunity - indeed the necessity - for creative reforms, it also requires significant attention to managing organizational change. In addition to ongoing implementation of the Focus Minneapolis initiative, the Mayor's office has also been centrally involved in the selection and nomination of new department heads and in the development of dramatically altered business plans and budgets for several departments, including Police, Civil Rights, and Regulatory Services. These major organizational changes will remain a key challenge for the Mayor's office, and for the City enterprise as a whole throughout 2005.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

As in other departments, the budget cuts of 2002 and 2003 reduced the Mayor's administrative support staff to a critical level. Our key initiative in this regard has been to reclassify the three remaining Civil Service positions to better reflect the duties they now share, and to redefine how they support the appointed positions within the Mayor's office. This reclassification also allows us to fill the third of these positions, which has been vacant since 2003, while remaining within the scope of the 5-year plan.

Primary Business: Policy & Program Development

Description of Primary Business:

- Identify and prioritize needs and issues identified by city residents
- Participate in annual business planning and goal setting processes
- Develop fiscal policies and an annual budget that reflect city goals
- Support development of policies and programs that reflect city goals

Primary Business: Policy & Program Promotion

Description of Primary Business:

- Use the "bully pulpit" to promote policies, programs and the city as a whole
- Support proactive internal and external communication strategies
- Assist residents to understand and access city programs and services
- Engage public- and private-sector partners to assist the city

Primary Business: Policy & Program Implementation

Description of Primary Business:

- Nominate and support the appointment of key public officials
- Directly oversee performance of the Police and Civil Rights Departments
- Monitor and support the implementation of city policies and programs
- Participate in individual and departmental performance evaluations

Financial Analysis:

EXPENDITURE

The 2005 budget for the Mayor’s Office is consistent with the five-year direction. The Mayor department’s budget increased from the 2004 Adopted Budget to the 2005 Mayor’s Recommended Budget by 12%. The increase is due to the reclassification of several positions in 2004 to respond to the loss in capacity over the previous two years and the allocation of BIS and benefits administration charges.

The budget for this department includes \$95,000 in BIS charges calculated on a city-wide rate model and \$1,900 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 Mayor’s Office budget is \$957,000, a 1.8% increase over the 2004 Adopted Budget.

REVENUE

The Mayor’s Office does not generate revenue.

FUND ALLOCATION

One hundred percent of the Mayor’s budget comes out of the General Fund.

MAYOR’S RECOMMENDED BUDGET

No changes were recommended by the Mayor.

ADOPTED BUDGET

No changes were adopted by the Council.

**MAYOR
Staffing Information**

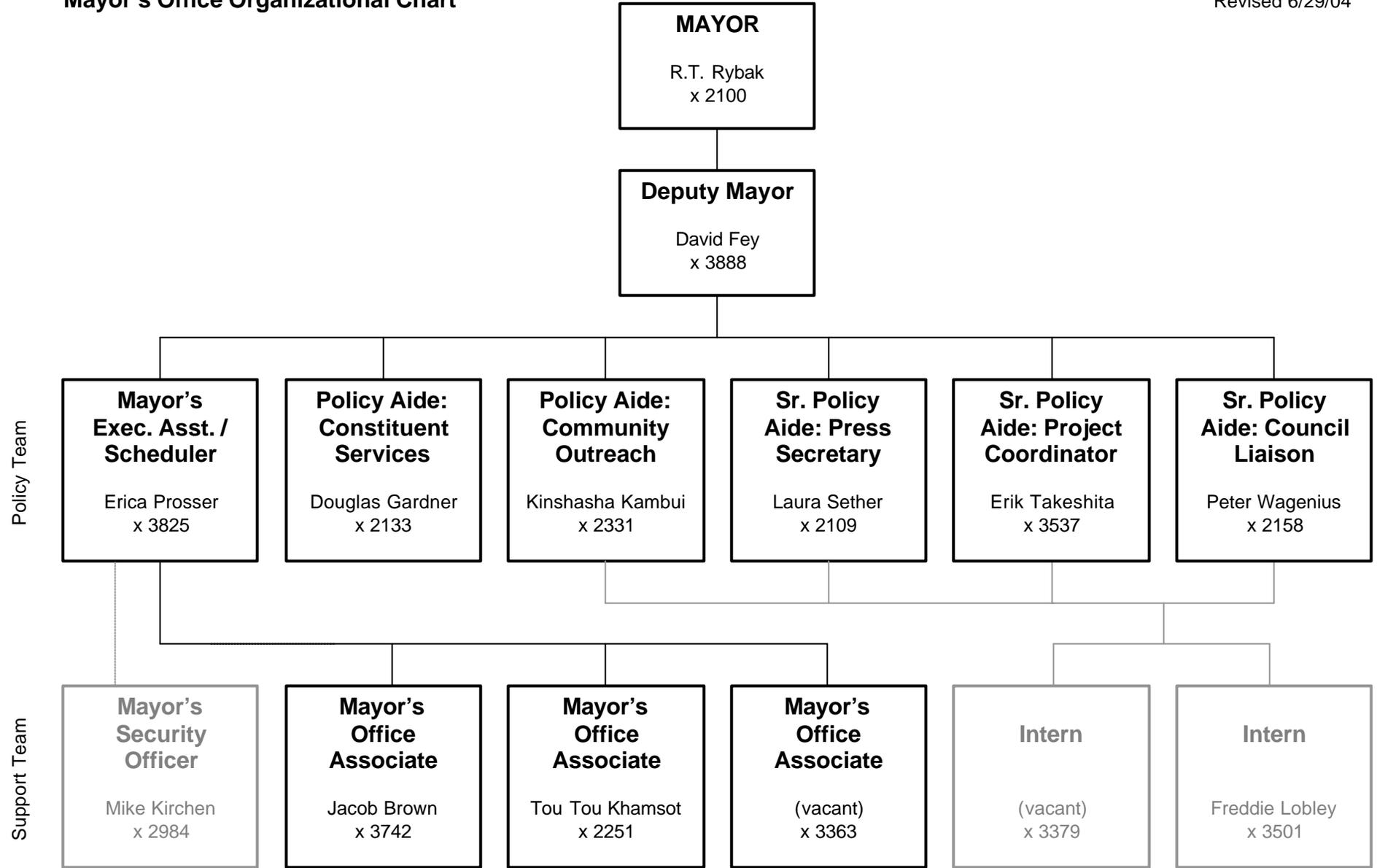
	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	12.00	11.00	11.00	11.00	0.00%	-

Target Strategies:

No target strategies were requested.

Mayor's Office Organizational Chart

Revised 6/29/04



- scheduling assistant
- Mayor's paperwork

- bookkeeping/signings
- supports policy aides

- constituent assistant
- supports policy aides

**MAYOR
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Contractual Services	46,967	48,539	59,428	145,557	144.9%	86,129
Equipment	0	5,999	5,571	5,649	1.4%	78
Fringe Benefits	157,584	138,770	167,026	175,964	5.4%	8,938
Operating Costs	78,778	48,832	59,959	74,095	23.6%	14,136
Salaries and Wages	652,481	614,204	647,695	652,634	0.8%	4,939
Total for General Fund - City	935,810	856,343	939,679	1,053,899	12.2%	114,220
Total for MAYOR	935,810	856,343	939,679	1,053,899	12.2%	114,220

POLICE

Mission Statement:

Implement effective prevention strategies and reduce crime in collaboration with the community and our criminal justice partners.

Primary Businesses:

- **Public Safety Services:** This business line emphasizes that the Minneapolis Police Department's primary duty is the protection of life and property. The MPD provides 911 responses and works with the community to develop and implement crime prevention/reduction strategies. The department investigates crimes against persons and property and prepares cases for prosecution.

This business line includes three primary service activities: 1) Law Enforcement and Emergency Services; 2) Investigating Crimes; 3) Crime Prevention and Reduction.

Outcomes for these business lines include:

- Minneapolis' current crime rate is further reduced or at least maintained.
- People are confident in the public safety services they receive.
- People receive a timely response to their requests for service.
- People feel safe living in, working in, and visiting Minneapolis.
- Victim's sense of safety and justice is renewed.
- Lives are saved.
- The community trusts Minneapolis police officers.
- People feel MPD's response is professional, impartial and caring.
- People's risk for being victims of crime is lowered.
- New opportunities for community involvement are created.
- People look out for one another.

- **Internal Management Services**

The Internal Service business line consists of service activities that are designed to interface within and coordinate the MPD organization. They provide operational direction, information and monitoring points, which support law enforcement, investigations and crime reduction initiatives, and coordinate the mediation agreement. Most importantly, this function also seeks and coordinates outside funding for the MPD. Their revenue made up 10% of the 2004 budget (\$10 million). The business line coordinates with the Finance and Human Resource Departments in maintaining and providing new services to MPD.

This business line includes three service activities: 1) Professional Standards: Workforce Development and Selection; 2) Professional Standards: Internal Affairs/Quality Assurance; and 3) Central Services (administrational functions).

Outcomes for this business line include:

- MPD's workforce reflects the diverse community it serves.
- MPD employees are highly trained, competent professionals with equal opportunity for career growth.

- The MPD is an employer of choice for public safety professionals.
- Our customers are treated professionally and respectfully.
- Employees are properly equipped and supported to do their work.
- The MPD is continually evaluating and improving our services.
- Every employee understands the value of their role in impacting public safety.

Key Trends and Challenges Impacting the Department:

The Minneapolis Police Department's comprehensive strategies developed over the past few years, such as CODEFOR, decentralization of services, community initiatives, institutionalized problem solving and accountability for all ranks, have enabled the department to meet many of the past challenges. The department is now faced with new tests, including diminishing resources, increasing citizen and community demands, and homeland security issues.

The Minneapolis Police Department's first and primary responsibility is responding to calls for service or emergency 911 calls. The department will manage their resources and continue to explore innovative and creative solutions to refine and develop successful new strategies. The following are some of the key trends and challenges facing the department:

Trend: Increasing demands on MPD for emergency calls for services.

Challenge: Maintaining the highest level of response to 911 calls for service.

Challenge: Maintaining a high level of overall police services.

Challenge: Streamlining emergency calls for non-law enforcement or primary police issues (i.e., social services, civil issues, etc.) including other agency after hour calls.

Challenge: Increasing demands for investigative hours based on increasing crime and more sophisticated charging requirements associated with cyber crimes and crime in general.

Challenge: Pursuing effective prosecutions with projected resource reductions in the department and the city and county attorney's offices.

Challenge: Working with other agencies and task forces to tackle larger-scale issues with gangs and narcotics.

Trend: Increasing numbers of non-English population.

Challenge: Meeting mandated communication requirements for non-English speaking customers

Challenge: Connecting with immigrant communities and dialoging about the MPD, laws, customs, and crime prevention.

Trend: Increasing concerns for Emergency Preparedness

Challenge: Assuring that the MPD has the staff and equipment to respond properly to emergency situations.

Challenge: Making sure the MPD is prepared and trained to properly respond to emergency situations.

Challenge: Meeting increasing Emergency Preparedness requests, including additional vigilance during heightened levels of alert.

Challenge: Participating and collaborating with local, state and federal agencies requesting Minneapolis assistance.

Challenge: Addressing the fears of residents regarding local and national alerts.

Challenge: Staffing large planned and unplanned events (including immediate emergency needs - weather and utility emergencies, and events like the Aquatennial, dignitary visits, protests, demonstrations, conventions, sports events, etc.).

Trend: Ongoing legislative mandates, technical developments and enhancements.

Challenge: Addressing legislative demands requiring training, data access and retention, or reporting.

Challenge: Continually trying to increase the creativity and productivity of staff through expensive technology developments while maintaining the need for data integrity and access.

Trend: Emphasis on Community Outreach.

Challenge: Working with representatives of all communities to establish an on-going productive relationship.

Challenge: Gaining the trust of the community. Educating the community to the responsibilities, service levels and limits of law enforcement.

Trend: Monitor current local, state, national, and world crime trends.

Challenge: Continuing crime reduction with fewer resources.

Challenge: Utilizing ever-changing technology resources and skills to analyze and strategize responses to crime.

Challenge: Developing and implementing crime prevention strategies that are reflective of community desires and effective in fighting crime.

Challenge: Aligning resources and prioritize services to meet resident and citizen expectations.

Challenge: Managing resident and citizen expectations.

Internal Management Services Business Line

Trend: Increasing demand for police services.

Challenge: Managing expectations for data access, hiring, and diversity.

Trend: Decreasing resources impact on finances, resources, staffing and services.

Challenge: Restructuring the MPD to maintain levels of service for core functions and meet community expectations for those services.

Challenge: Continue to try and find additional resources, such as grants, for the MPD.

Challenge: Meeting annual and specialized training needs of employees.

Challenge: Meet equipment needs for employees.

Challenge: Maintain some level of diversity recruitment.

Challenge: Improve the level of trust and the internal culture of the organization.

Key Initiatives or Other Models of Providing Service to be implemented in 2005

- Deployment
- Partnerships
- Professionalism
- Workforce
- Revenues

Primary Business: Public Safety Services and Central Services

Description of Primary Business: The Minneapolis Police Department identified two primary business lines in its business plan: 1) The Public Safety Services business line emphasizes the Minneapolis Police Department's primary duty response to calls for service, investigations of

serious or violent crime and crime prevention/reduction; 2)The Internal Management Services business line provides operational direction and support. This function also coordinates the Finance and Human Resources services to the MPD.

2005 Initiatives

I. Deployment:

- Institutionalize community policing. Effort is headed by Deputy Chief (DC) Tim Dolan and can be accomplished within existing budget.
- Expand the role of police officers (generalist approach). Effort is assigned to DC Tim Dolan and will require in-house training and management guidance. May be achieved with the existing budget.
- Expand the CODEFOR management philosophy. Effort is assigned to DC Tim Dolan and has already started. In addition to monitoring crime trends and performance, CODEFOR will be used to promote more accountability in areas such as investigations, overtime, deployment, complaints and other department management concerns. This initiative has no extra budget costs.
- Enhance Public Safety. Initiative is assigned to DC Lubinski and includes the downtown traffic light experiment and extra traffic enforcement. Initiative is largely grant funded.
- Review MPD procedures for special events and special business issues. This initiative is assigned to Inspector Allen and involves trying to reduce the amount of on-duty time dedicated to special events and business issues (downtown). The effort is meant to bring back resources to the primary business lines of the department.

II. Partnerships:

- Expand public/private partnerships and partnerships with other agencies. DC Lubinski is listed as the facilitator for this initiative, but all of the command staff have roles in this activity. It will include working with the U of M on studies and other higher education institutions for recruitment and training partnerships. No costs are identified at this time.

III. Professionalism:

- Promote a public service culture. This initiative is assigned to the chief and administrative staff. Work has begun in creating the Professional Services Division. The division will audit and proactively work on monitoring uses of force and policies. The intent of the effort is to reduce complaints and liability costs and will be accomplished using existing resources.
- Work with the community to implement the Mediation Agreement. Lt. Arradondo is assigned the initiative and it means working with the Police Community Relations Committee, and others, to implement the articles of the Mediation agreement. There are items in the agreement that will require some extra costs - such as more tasers, cell phones (for interpretation and juvenile placement), and training. Many of the costs are being absorbed in existing budgets, but some will require seeking grants or additional funding.
- Enhanced training in focused areas. DC Dolan is staff leader. There are many areas that need enhanced training including use of force, supervision, leadership training and other specialized

functions. The intent, as in the past, is to take full advantage of in-house capabilities and partnerships. However, there are some training needs with costs.

- Partner with Civil Rights to address issues with the Civilian Review Authority. Inspector Don Harris is currently working on this initiative. There is no cost associated with the initiative and possible savings to the City of Minneapolis.

- Use the performance evaluation to address future needs and problems. DC Tim Dolan is assigned this initiative to use the evaluation to better measure the needs of the department. For example, the generalist approach. The concept is what is measured - gets done. There is no extra cost in the initiative.

IV. Workforce:

- Evaluate the MPD's screening process for new employees. DC Lubinski and Inspector Don Harris lead the effort find the most desired candidates for MPD. The initiative requires examining existing tools. No extra costs.

- Define hiring, training and retention needs. Inspector Don Harris, through Professional Standards, will identify what we need to hire, train and retain quality employees. There are additional costs to recruitment, but those should not be great at this time.

- Diversify the workforce. Assigned to Inspector Don Harris. The initiative will require trying to keep alive existing lines through Minneapolis High Schools, through Community Service Officer (CSO) programs, and eventual hiring during budget reductions.

V. Revenues:

- Market MPD technologies. Assigned to DC Tim Dolan. We will be marketing developed software to other agencies. The initiative has already been started.

- Market MPD training to others: DC Dolan - started with Higher Ed institutions.

Financial Analysis:

EXPENDITURE

In 2005, the Police Department's budget increases by 3% from the 2004 Adopted Budget. The department reorganized during 2004 to create an Office of Professional Standards, a Patrol Services Bureau, and an Investigative Bureau. The North Field Services and the South Field Services Bureaus were eliminated. The reorganization increases the current service level by \$250,000. The Department's target strategy will offset this increase. The 13 NRP positions not funded in the General Fund in 2004 are not in the 2005 Mayor's Recommended Budget. The 2005 Council Adopted Budget reflects changes made to positions in 2004, with 2 positions being removed from the Department for MECC, and the reduction of 5 positions because they were no longer funded by grants or contracts.

Non-personnel expenses make up 21.3% of the total budget. Expenses for self-insurance, parking, building rent, fleet rent/repair, phones, and radio communications are paid to the City's internal service funds and equals 75% of the non-personnel expense. The remainder of the expenses covers uniform allowance, translator fees, training, supplies, and jail fees.

The budget for this department includes \$3.6 million in BIS charges calculated on a city-wide rate model and \$164,000 for benefits administration. Both charges were centrally budgeted in the past. Backing these charges out of the totals, the Police Department's budget for 2005 is \$98.7 million, less than a 1% decrease from 2004.

REVENUE

The Police Department's revenue for 2005 is \$15 million. The largest revenue source for the Department is state government aid, specifically \$4.5 million that is allocated to the Department's General Fund revenue budget to offset PERA pension costs. The revenue estimate for fines for 2005 is reduced by \$890,000 to approximately \$4 million, due to over-projection of fine revenue. The 2005 budget reflects the elimination of \$1 million in one-time Neighborhood Revitalization Program (NRP) funds.

Federal Grants - The Police Department has received grants from the Department of Justice. The hiring grants were received between 1990 – 2000. There are no hiring grants budgeted in 2005. The current Department of Justice grants are for equipment, overtime, and technology enhancements. The Timekeeping grant of \$1.8 million will be completed in 2004 and is not included in the 2005 budget. The Police Department has experienced a downward trend in the amounts of these grants.

Police Special Revenue Fund - The Police Special Revenue Fund accounts for forfeitures, gambling tax, the automated pawn system, and reimbursable services such as the Detox van and Public Housing patrol services. The Public Housing contract in 2004 was reduced by 28% from the prior year. The 2005 budget reflects this decrease. Additionally, the 2004 budget anticipated contracts with Hennepin County to fund positions. These contracts never materialized and the positions are not part of the 2005 budget. Consequently, there is a 27% reduction of expenditures and revenue in the Police Special Revenue Fund for 2005.

FUND ALLOCATION

The majority (92%) of the Police Department's budget comes out of the General Fund.

MAYOR'S RECOMMENDED BUDGET

In 2005, reductions of \$2.8 million were recommended in the Police Department in order to balance the budget and prevent the layoffs of 43 personnel. This reduction target is explained by the following:

- The original five-year financial direction made cuts of \$2,619,000 and growth for 2005 was \$333,000 higher than anticipated in the financial direction.
- NRP funding was a one-time source in 2004, removing a total of \$1 million from the Police budget.

The Mayor recommended the following measures in order to achieve this balance:

- Allocated \$100,000 to the Sales tax for convention related pricing;
- Used \$75,000 CDBG dollars for a Problem Properties program;
- Reduced jail fees paid to the County by \$400,000;
- Generated \$890,000 in savings through Retirement Incentives (10 FTE positions are estimated to take advantage of this incentive) and \$875,000 in Budget and Military Leaves;
- Increased the Police Department's base funding by \$1 million; this is possible due to a decline in pension liabilities, which decreased the General Fund gap by \$1.5.
- Reduced Light Duty Assignment by 3 positions for a total savings of \$225,000; and
- Made \$312,000 in non-personnel cuts.

These changes would have resulted in a total reduction of 13 positions to the Police Department to keep the Police budget base for 2006 on track with the five-year plan.

ADOPTED BUDGET

The Council adopted the Mayor's recommendations, with the exception of the following:

- The Police Department budget was increased by \$500,000. The increase is funded by interest savings related to early retirement of \$5 million in pension debt.
- The Police Department budget was increased by \$75,000. The increase is funded by a reduction in the Regulatory Services budget.
- The Police Department budget was increased by \$75,000. The increase is funded by a reduction in the City Coordinator Departments' budget.
- Increased the authorized strength of the Police Department by 9 positions.
- The City Council also directed that the Police Department assist Regulatory Services with board-ups for problem properties and directed Regulatory Services' Licensing staff to work with the Attorney's office to develop a strategy of charging business licensees the cost of providing added police services to business owners.

**POLICE DEPARTMENT
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	13.00	12.00	14.00	9.00	N/A	N/A
Office of Professional Standards	-	-	-	30.00	N/A	N/A
Patrol Services Bureau	-	-	-	672.00	N/A	N/A
North Field Services Bureau	386.00	423.50	397.00	-	N/A	N/A
South Field Services Bureau	410.00	436.00	375.50	-	N/A	N/A
Investigations Bureau	-	-	-	149.00	N/A	N/A
Central Services Bureau	138.50	130.00	132.05	82.00	N/A	N/A
Internal Services Bureau	140.50	-	-	-	N/A	N/A
Police Licensing & Support Services	5.00	59.00	47.50	-	N/A	N/A
Total FTE's	1,093.00	1,060.50	966.05	942.00	-2.49%	(24.05)

**POLICE DEPARTMENT
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Fringe Benefits	0	0	218,673	221,106	1.1%	2,433
Salaries and Wages	0	0	890,804	928,710	4.3%	37,906
Total for Enterprise Funds	0	0	1,109,477	1,149,816	3.6%	40,339
General Fund - City						
Contractual Services	10,030,591	10,113,277	8,870,899	12,005,541	35.3%	3,134,642
Equipment	108,736	72,926	190,692	184,236	-3.4%	-6,456
Equipment Labor	8,613	3,922	8,613	0	-100.0%	-8,613
Fringe Benefits	15,137,581	15,397,477	15,243,165	14,902,875	-2.2%	-340,290
Operating Costs	5,840,961	5,832,973	7,847,386	8,026,683	2.3%	179,297
Salaries and Wages	63,690,715	62,211,386	57,285,242	59,629,902	4.1%	2,344,660
Total for General Fund - City	94,817,197	93,631,962	89,445,997	94,749,237	5.9%	5,303,240
Special Revenue Funds						
Contractual Services	1,208,106	1,521,699	2,688,273	747,631	-72.2%	-1,940,642
Equipment	1,766,217	1,944,309	3,032,893	3,383,781	11.6%	350,888
Fringe Benefits	225,269	309,997	453,866	346,931	-23.6%	-106,935
Operating Costs	357,670	356,648	527,898	540,336	2.4%	12,438
Salaries and Wages	1,165,392	1,684,306	2,229,165	1,563,848	-29.8%	-665,317
Transfers	11,647	0	0	0		0
Total for Special Revenue Funds	4,734,300	5,816,959	8,932,095	6,582,527	-26.3%	-2,349,568
Total for POLICE DEPARTMENT	99,551,497	99,448,921	99,487,569	102,481,580	3.0%	2,994,011

POLICE DEPARTMENT
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	-10,278	-33,869	21,500	0	-100.0%	-21,500
Charges for Service	2,508,827	2,806,260	163,300	163,300	0.0%	0
Federal Government	11,314	0	0	0	0.0%	0
Fines and Forfeits	2,800,337	3,416,841	4,856,377	3,966,377	-18.3%	-890,000
Interest	-7,120	16	0	0	0.0%	0
Licenses and Permits	2,262	906	2,300	1,000	-56.5%	-1,300
Operating Transfers In	113,587	48,697	0	0	0.0%	0
Other Misc Revenues	10,003	7,351	1,900	1,600	-15.8%	-300
State Government	4,488,241	4,939,826	4,450,000	4,450,000	0.0%	0
Total for General Fund - City	9,917,172	11,186,027	9,495,377	8,582,277	-9.6%	-913,100
Special Revenue Funds						
Charges for Sales	3,209	8,862	0	0	0.0%	0
Charges for Service	0	68,882	0	996,422	0.0%	996,422
Contributions	97,133	113,014	142,196	61,140	-57.0%	-81,056
Federal Government	2,588,966	3,390,835	4,871,885	3,500,000	-28.2%	-1,371,885
Fines and Forfeits	497,955	428,589	600,000	600,000	0.0%	0
Interest	48,691	21,420	0	0	0.0%	0
Licenses and Permits	282,052	342,766	360,000	403,000	11.9%	43,000
Other Misc Revenues	261,261	45,109	1,733,193	53,479	-96.9%	-1,679,714
Sales and Other Taxes	281,413	270,329	280,000	280,000	0.0%	0
State Government	1,273,336	864,399	751,363	513,154	-31.7%	-238,209
Total for Special Revenue Funds	5,334,016	5,554,204	8,738,637	6,407,195	-26.7%	-2,331,442
Total for POLICE DEPARTMENT	15,251,188	16,740,231	18,234,014	14,989,472	-17.8%	-3,244,542

PUBLIC WORKS

Mission Statement:

To build and maintain the public infrastructure of the City, and to provide basic services and products to support a high quality urban environment and a desirable quality of life for our citizens.

Primary Businesses:

- Public Works Internal Services
- Sewer and Water
- Solid Waste and Recycling
- Transportation

Key Trends and Challenges Impacting the Department:

Among the major challenges facing Public Works, is the limited resources to maintain a strong infrastructure. Efforts to improve efficiencies can be effective, however, sustained investment is needed to maintain the infrastructure over the long term. Secondly, focusing effort on building a strong transportation system that improves mobility, is also a key challenge. Finally, it is fundamental that support functions such as financial planning and analysis, space management, human resources and technology are strong. Strong project management and asset management tools are also necessary for short and long term planning.

Including those above, challenges facing the Department are:

- Lack of information systems to support business management
- Integration of the City-wide systems and services to support Public Works' business needs
- Limited resources
- Investment needed to maintain infrastructure and basic service
- Building a strong transportation system that improves movement throughout the city
- Attracting and retaining qualified diverse employees
- Increasing focus on emergency preparedness and security concerns
- Balancing efficiencies and services – looking for alternative service delivery options or eliminated services
- Ability of workforce to adapt to change
- Operating in a larger bureaucracy that can constrain procurement and management of personnel resources

Key Initiatives or Other Models of Providing Service to be implemented in 2005

As part of the Public Works Business Plan and addendum, these activities will be started in 2004/2005 and proceed as outlined in the addendum.

Department-wide Initiatives:

- Customer Response Improvement
- One Stop Shop / Development Review Center
- Asset Management
- Transportation Revenue
- Organizational Roles and Responsibilities
- Balanced Workforce

Internal Services Business Line:

- Expand partnerships with other government agencies
- Develop new wireless communications system (in partnership with BIS)
- Review and modify Collision Review Board policies and procedures
- Centralize energy management effort

Sewer and Water Business Line:

- Expand the use of the Computerized Maintenance Management System (CMMS)
- Continue work on identifying efficiencies between the water and sewer workforces

Solid Waste and Recycling (SW&R) Business Line:

- Establish a "dumpster" service, compatible with existing City services and the City's Utility Billing System
- Enhance education efforts
- Ensure competitive process for all Solid Waste & Recycling contracts
- Examine possibility of new SW&R facilities

Transportation Business Line:

- Establish a Transportation Planning Function (department wide)
- Improve efficiency and customer service in all parking service activities
- Improve efficiency and customer services in all impound lot activities
- Improve Traffic Signal functions and efficiencies
- Increase Use of Durable Pavement Markings
- Determine the best way to produce and procure Asphalt materials
- Improve Public Outreach for Major Construction Projects

Primary Business: Public Works - Internal Services

Description of Primary Business: The Public Works Internal Services business line is comprised of services that are provided primarily to internal City departments and are funded mostly within formal Internal Service funds. Fees for these services are intended to recover the costs incurred for providing each service.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Shop rate for equipment maintenance	na	na	na	\$78.00	\$78.00
% billable time for mechanics	na	na	na	75%	75%
% of preventive work orders as a proportion of all work orders	na	na	na	41%	43%
% of reactive work orders as a proportion of all work orders	na	na	na	22%	20%
Average cost per square foot of City owned office space	\$10.00	\$10.35	\$10.80	\$11.37	\$11.37
% usage of task equipment	na	na	74%	75%	75%

Explanation of Key Performance Measures:

- *Shop rates are fully burdened and compare favorably to the private sector. The Equipment Division new activity based costing model (started in 2004) requires our mechanics to bill their time to tasks similar to private repair shops. A gross billable rate of 75% is considered high and does not take into account vacations, training or sick days.*
- *A high percentage of preventive maintenance work orders (50% being optimum) is an indicator of the fleet condition.*
- *A lower percentage of reactive work orders is related to planned versus not-planned work. 20% would be considered excellent.*
- *Cost per square foot is based on actual expenses.*
- *Task equipment measure is an indicator of optimum usage of Public Works equipment utilized by various divisions. A higher usage lowers our hourly rate (non-Winter usage only).*

Primary Business: Sewer and Water

Description of Primary Business: The Sewer and Water business line is comprised of services that promote the health and safety of people and property by providing potable water and managing non-potable water.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
The number of sewer back-ups	35	29	24	20	20
The number of sanitary sewer over-flows	10	3	7	2	1
% increase in the number of projects completed with budget	na	na	na	100%	100%
Operations and Maintenance (O&M) cost per mile for sanitary sewer	na	na	na	na	na
Operations and Maintenance cost per mile for storm drain	na	na	na	na	na
Operations and Maintenance cost per mile for water distribution	na	na	nan	na	na
% decrease in number of complaints about drinking water quality	5.7% increase	4.4% increase	6.3% decrease	3.0% decrease	3.0% decrease

Explanation of Key Performance Measures: These measures indicate the effectiveness of infrastructure improvements and rehabilitation programs and effective project management for these improvement programs.

Primary Business: Solid Waste & Recycling

Description of Primary Business: The Solid Waste & Recycling business line is comprised of services that promote the health and safety of people and property by providing municipal solid waste pick-up and disposal along with the pick-up of recyclables, yard waste, large items and construction debris.

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
Reduce number of garbage missed pick-ups	925	665	536	Projected 500	Goal 450
Reduce number of recycling missed pick-ups	1,059	1,289	1,040	850	600
Reduce number of problem material missed pick-ups	245	257	231	150	100
Reduce number of yard waste missed pick-ups	565	794	459	350	300
Revenues greater than expenses	yes	yes	yes	yes	no

Primary Business: Transportation

Description of Primary Business: The Transportation business line exists to offer people a variety of safe, convenient options for moving throughout the City and within the region. Transportation options enhance the aesthetics of the environment and improve livability while contributing to economic vitality through the safe, efficient movement of people and goods.

The primary sub-businesses within Transportation are:

- Build, manage, operate and maintain safe transportation related assets and infrastructure
- Manage resources
- Enhance customer communication and interaction

Key Performance Measures that are impacted by 2005 resources:

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Projected
% decrease in crashes per mile	4.0%	7.8%	5.7%	1.7%	1.5%
% of change in the average PCI (Pavement Condition Index) for all Networks combined.	0% (baseline=78)	-1%	-1%	-1%	-1%
% increase in the number of bridges with sufficiency index greater than 70%	80 %	na	81%	83%	84%
Travel time in priority corridors. (Will commence collecting data as staffing levels are adjusted.)	na	na	na	na	na
Total cost per lane mile to manage, operate, and maintain the transportation related assets and infrastructure. (Will commence collecting data as staffing levels are adjusted.)	na	na	na	na	na
% decrease in number of complaints about transportation services. (Will commence collecting data with the advent of Constituent Relationship Management (CRM)).	na	na	na	na	na
% decrease in time needed to fulfill customer requests. (Will commence collecting data with the advent of CRM.)	na	na	na	na	na
% Variance between forecasted and actual revenue - Lane Use Fees	not applicable	57%	95%	44%	5%
% Variance between forecasted and actual revenue - Parking Revenues	1%	9%	11%	5%	5%
% of projects completed within budget	na	na	78	80	82
Annual energy cost - Lighting	\$3,923,601	\$3,749,740	\$3,829,555	\$3,859,220	\$3,865,000
Annual energy cost - Signals	\$704,283	\$565,045	\$515,614	\$539,652	\$540,000
Average operating cost per Parking stall	\$975	\$1,052	\$1,314	\$1,111	\$1,115
Average operating cost per Parking meter	\$456	\$444	\$528	\$509	\$679
% increase in accuracy of inventory	na	na	na	na	na
% of assets functioning beyond estimated lifespan. (Will commence collecting data with the advent of an Asset Management System.)	na	na	na	na	na
% increase in number of projects that deliver expected benefits. (Will commence collecting data as staffing levels are adjusted.)	na	na	na	na	na
% increase in proactive maintenance dollars as a proportion of all maintenance dollars for transportation related assets.	na	na	0%	11% (due to excess revenue rollover from 2003 to be used for seal coat)	To Be Determined.

Explanation of Key Performance Measures: These are our initial performance measures selected to conform to our outcomes. Additional performance measures will be developed and refined throughout the upcoming year.

Financial Analysis:

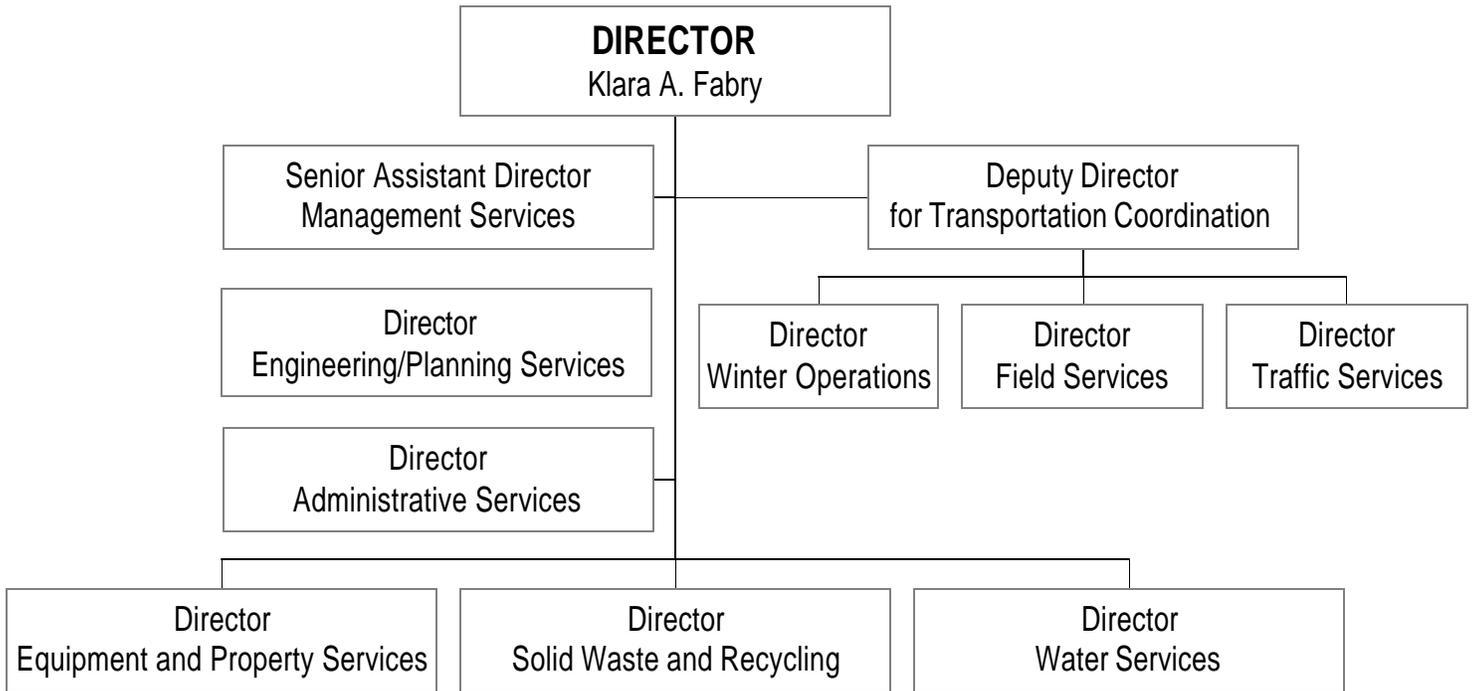
The Public Works Department's 2005 budget is \$267 million, a 9.2% increase over the 2004 Adopted Budget. Public Works is funded by the General Fund, one grant fund, the Permanent Improvement Projects (Capital) Fund, four internal service funds, and four enterprise funds.

The budget for areas of this department includes a total of \$4.2 million in BIS charges calculated on a city-wide rate model and \$204,500 for benefits administration. These charges were centrally budgeted in the past. Backing out these charges, Public Works Department's budget for 2005 is \$263 million, a 7% increase over 2004.

Target reduction strategies in the Public Works General Fund total \$1,254,006 based on the City's 5-Year Finance Plan, taking into account the current service level adjustments that have been applied. This resulted in a reduction of 12.3 positions in 2005 as outlined below. The Mayor Recommended and the Council approved this strategy.

<u>Fund</u>	<u>Cost</u>	<u>Revenues</u>	<u>FTE's</u>	<u>Job Titles/Other related costs</u>
0100/6112	\$175,111		3.00	(Bridge) 2 Eng. Tech II positions & 1 Const. Maint. Laborer position
0100/6160	\$171,733		2.20	(Street Maintenance) 1 Truck Driver position & 1.2 Const. Maint. Laborer positions
0100/6220	\$249,211		1.20	(Snow & Ice Control) 1.2 Const. Maint. Laborer positions - Seasonal
0100/6240	\$456,424		4.90	(Malls & Plazas) 4.8 Const. Maint. Laborer positions & 0.1 Maint. Crew Leader position: Also includes reductions in equipment, equipment repair, parts, and fuel needs.
0100/6851	\$80,000			(Street Lighting) Reduce electricity saved by LED conversion
0100/6874	\$121,527		1.00	(Traffic Operations) 1 Electrician position and associated equipment by movement from operating to capital activities
TOTAL	1,254,006		12.3	

Public Works



Expense Information for Public Works

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Capital Outlay	1,313	64	0	0		0
Contractual Services	1,262,713	1,069,299	1,693,086	2,302,503	36.0%	609,417
Equipment	51,582	1,089	80,671	81,800	1.4%	1,129
Fringe Benefits	690,251	728,212	833,341	1,003,914	20.5%	170,573
Operating Costs	142,365	131,576	209,517	249,877	19.3%	40,360
Salaries and Wages	2,756,652	3,069,511	3,383,285	3,547,313	4.8%	164,028
Total for Capital Projects	4,904,877	4,999,752	6,199,900	7,185,407	15.9%	985,507
Enterprise Funds						
Capital Outlay	68,796	0	22,219	6,810	-69.4%	-15,409
Contractual Services	90,981,151	74,362,351	78,207,394	85,163,956	8.9%	6,956,562
Equipment	1,413,268	1,022,321	2,191,788	2,186,981	-0.2%	-4,807
Equipment Labor	100,905	114,069	0	0		0
Fringe Benefits	8,340,987	9,354,638	9,871,099	10,572,637	7.1%	701,538
Operating Costs	7,557,764	34,371,663	39,709,396	39,452,372	-0.6%	-257,024
Salaries and Wages	25,231,806	25,979,440	27,780,753	29,189,433	5.1%	1,408,680
Total for Enterprise Funds	133,694,678	145,204,483	157,782,649	166,572,189	5.6%	8,789,540
General Fund - City						
Capital Outlay	0	0	2,537	2,573	1.4%	36
Contractual Services	14,018,649	13,615,277	16,510,632	16,051,346	-2.8%	-459,286
Equipment	267,022	176,918	311,370	262,267	-15.8%	-49,103
Fringe Benefits	4,092,414	4,056,983	3,926,262	4,127,738	5.1%	201,476
Operating Costs	4,377,284	4,221,464	4,505,040	4,725,355	4.9%	220,315
Salaries and Wages	12,424,570	11,477,097	10,883,618	10,984,350	0.9%	100,732
Total for General Fund - City	35,179,939	33,547,738	36,139,459	36,153,629	0.0%	14,170
Internal Service Funds						
Capital Outlay	119,289	163,532	7,234	7,335	1.4%	101
Contractual Services	9,672,656	9,299,892	8,977,028	15,238,854	69.8%	6,261,826
Equipment	5,526,293	39,613	672,526	681,941	1.4%	9,415
Equipment Labor	4,089	2,508	0	0		0
Fringe Benefits	5,535,023	5,965,544	6,673,044	7,023,858	5.3%	350,814
Operating Costs	6,306,347	7,747,978	8,492,152	12,932,399	52.3%	4,440,247
Salaries and Wages	16,630,846	17,214,728	19,344,728	21,050,838	8.8%	1,706,110
Total for Internal Service Funds	43,794,543	40,433,795	44,166,712	56,935,225	28.9%	12,768,513
Special Revenue Funds						
Contractual Services	158,369	130,485	107,000	107,000	0.0%	0
Total for Special Revenue Funds	158,369	130,485	107,000	107,000	0.0%	0
Total for Public Works	217,732,405	224,316,252	244,395,720	266,953,450	9.2%	22,557,730

ADMINISTRATIVE SERVICES

The 2005 Public Works Administrative Services budget increases are due mainly to the addition of two positions. One position, Management Analyst, was approved in 2004 and is to be funded by PW – Admin overhead charge reimbursements. The other position, Administrative Analyst II, was moved to this Division from Engineering Services. The total position count is 20 positions for 2005.

The budget for areas of this department includes \$260,000 in BIS charges calculated on a city-wide rate model and \$3100 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Administrative Services total budget is \$2.1 million, an 8% increase over 2004.

Revenue in Administrative Services results from overhead charged to other public works functions.

The Mayor recommended allocating \$25,000 to fund an environmental co-coordinator position. The City Council removed this recommendation under the advice of Regulatory Services that the function could be accommodated without the addition of a position.

PUBLIC WORKS ADMINISTRATION Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Management Services	14.00	13.00	12.00	14.00	16.67%	2.00
Safety/Risk Management	4.00	4.00	3.00	3.00	0.00%	-
Special Assessments	3.00	3.00	3.00	3.00	0.00%	-
Total FTE's	21.00	20.00	18.00	20.00	11.11%	2.00

**PW - ADMINISTRATIVE SERVICES
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Contractual Services	0	0	0	0		0
Salaries and Wages	-39,732	0	0	0		0
Total for Enterprise Funds	-39,732	0	0	0		0
General Fund - City						
Contractual Services	211,795	147,881	273,241	498,385	82.4%	225,144
Equipment	14,263	10,512	27,129	16,564	-38.9%	-10,565
Fringe Benefits	328,385	402,266	336,073	382,471	13.8%	46,398
Operating Costs	103,601	111,236	82,590	122,485	48.3%	39,895
Salaries and Wages	1,235,950	1,281,060	1,220,696	1,345,205	10.2%	124,509
Total for General Fund - City	1,893,993	1,952,955	1,939,729	2,365,110	21.9%	425,381
Total for PW - ADMINISTRATIVE \$	1,854,261	1,952,955	1,939,729	2,365,110	21.9%	425,381

PW - ADMINISTRATIVE SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
General Fund - City						
Charges for Sales	0	23	0	0	0.0%	0
Charges for Service	1,488,414	1,671,250	1,301,000	1,401,000	7.7%	100,000
Interest	-9	0	0	0	0.0%	0
Total for General Fund - City	1,488,405	1,671,273	1,301,000	1,401,000	7.7%	100,000
Total for PW - ADMINISTRATIVE SERVICES	1,488,405	1,671,273	1,301,000	1,401,000	7.7%	100,000

ENGINEERING MATERIALS & TESTING

The Engineering Materials and Testing Division budget of \$5 million is funded by two internal service funds. The Engineering Materials and Testing Fund accounts for approximately 86% of the Division's budget and is used to account for the City's purchase of bituminous mixes and ready-mix concrete for placement by various agencies within the Department of Public Works for their construction and maintenance requirements. Also accounted for within this fund is the Engineering Laboratory, which provides inspection and testing services for these materials along with environmental and soil testing services. The City Council took action in December 2003, to suspend the production of bituminous mixes indefinitely at the City's Asphalt Plant, resulting in a decrease of 9 positions.

The Public Works Stores Fund makes up the remaining 14% of the Division's budget and accounts for the centralized procurement, receiving, warehousing, and distribution of stocked inventory merchandise along with the purchase of special non-inventory materials and services. The Fund has two separate operating units, which are Central Stores serving all Agencies within Public Works, and Traffic Stores primarily serving Agencies within the Transportation Division. Since 1980, the Central Stores has responsibility for providing office supplies and non-specialty items to all City Agencies. Together, Public Works and the Finance Department completed a study in 1998, whereby, the recommended redesign included a revamped overhead structure and directives for utilization of the Stores Fund for non-inventory purchases. As a result, the Fund has reflected a net income for the 2000-2003 fiscal years. The 2004 projections indicate revenues over expenses; however, projected revenues are less than previous years.

The Engineering Materials and Testing division 2005 expense budget includes a \$159,500 charge for Materials and Lab and \$177,000 charge for Stores in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget of this department also includes \$29,600 in BIS charges calculated on a city-wide rate model and \$5,000 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Engineering Materials and Testing's budget for 2005 is \$5.3 million, a 4% increase from 2004.

PUBLIC WORKS ENGINEERING MATERIAL AND TESTING Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Central Stores	7.00	7.00	7.00	7.00	0.00%	-
Asphalt Plant	7.00	7.00	10.50	1.00	-90.48%	(9.50)
Engineering Laboratory	12.50	12.50	12.00	12.50	4.17%	0.50
Total FTE's	26.50	26.50	29.50	20.50	-30.51%	(9.00)

PW - ENG MATERIALS & TESTING
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Internal Service Funds						
Capital Outlay	119,289	0	0	0		0
Contractual Services	528,228	812,122	671,631	968,525	44.2%	296,894
Equipment	0	39,613	2,067	2,096	1.4%	29
Fringe Benefits	329,913	369,979	398,877	364,344	-8.7%	-34,533
Operating Costs	1,229,777	3,136,151	2,862,436	2,920,564	2.0%	58,128
Salaries and Wages	1,091,359	1,184,621	1,165,041	1,085,395	-6.8%	-79,646
Total for Internal Service Funds	3,298,567	5,542,486	5,100,052	5,340,924	4.7%	240,872
Total for PW - ENG MATERIALS £	3,298,567	5,542,486	5,100,052	5,340,924	4.7%	240,872

PW - ENG MATERIALS & TESTING
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Internal Service Funds						
Charges for Sales	3,367,084	6,147,118	3,512,000	3,862,500	10.0%	350,500
Charges for Service	1,136,822	1,330,546	1,200,000	1,300,000	8.3%	100,000
Interest	15	20	0	0	0.0%	0
Other Misc Revenues	10,769	0	0	0	0.0%	0
Total for Internal Service Funds	4,514,691	7,477,684	4,712,000	5,162,500	9.6%	450,500
Total for PW - ENG MATERIALS & TESTING	4,514,691	7,477,684	4,712,000	5,162,500	9.6%	450,500

ENGINEERING SERVICES

The 2005 budget increase over the 2004 Adopted Budget is 8.3% in total. Engineering Services is funded by the Permanent Improvement Projects (Capital) Fund, Sewer Enterprise Fund, General Fund, and Water Enterprise Fund. The increase in salaries/benefits from 2004 is 12%. Personnel costs make up 65% of Engineering Services 2005 budget of \$13.7 million. The transfer of a position to PW-Administration and the addition of two positions in Water Design for the SCADA system are included in the 2005 budget.

The budget for areas of this department includes \$341,000 in BIS charges calculated on a city-wide rate model and \$19,700 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Engineering Services' budget for 2005 is \$13.4 million, a 5% increase over 2004. Revenue in this area results from charges to Capital Projects.

The Mayor's Recommended Budget and the Council Adopted Budget added 2 positions to Engineering Services for the administration of the storm water utility fee to be implemented in 2005 and added \$200,000 in one-time funding in the Permanent Improvement Fund for a study of the Midtown Greenway Street car, including the study of the bridges.

PUBLIC WORKS ENGINEERING SERVICES Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Street Design	58.60	58.60	59.60	58.20	-2.35%	(1.40)
Water	11.00	11.00	11.00	13.00	18.18%	2.00
Sewer Design	23.90	20.90	20.90	23.30	11.48%	2.40
Storm Water Management	-	10.00	13.00	16.00	23.08%	3.00
Right of Way Management	12.00	12.00	12.50	12.00	-4.00%	(0.50)
Total FTE's	105.50	112.50	117.00	122.50	4.70%	5.50

PW - ENGINEERING SERVICES
Expense Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Capital Outlay	1,313	64	0	0		0
Contractual Services	1,187,931	924,057	1,576,247	2,115,100	34.2%	538,853
Equipment	51,582	1,089	80,671	81,800	1.4%	1,129
Fringe Benefits	632,763	672,875	758,986	930,895	22.6%	171,909
Operating Costs	126,251	114,096	191,181	228,773	19.7%	37,592
Salaries and Wages	2,519,871	2,808,963	3,082,953	3,263,422	5.9%	180,469
Total for Capital Projects	4,519,711	4,521,144	5,690,038	6,619,990	16.3%	929,952
Enterprise Funds						
Capital Outlay	673	0	0	0		0
Contractual Services	929,726	1,097,471	2,421,274	1,865,963	-22.9%	-555,311
Equipment	60,565	20,448	119,153	120,821	1.4%	1,668
Fringe Benefits	383,117	550,327	553,744	819,888	48.1%	266,144
Operating Costs	81,319	96,290	108,778	138,890	27.7%	30,112
Salaries and Wages	1,544,191	2,041,003	2,688,994	2,990,175	11.2%	301,181
Total for Enterprise Funds	2,999,592	3,805,539	5,891,943	5,935,737	0.7%	43,794
General Fund - City						
Capital Outlay	0	0	470	477	1.5%	7
Contractual Services	126,152	127,694	250,056	268,422	7.3%	18,366
Equipment	2,608	0	5,168	5,240	1.4%	72
Fringe Benefits	136,356	157,305	176,726	218,920	23.9%	42,194
Operating Costs	12,164	13,621	19,094	25,900	35.6%	6,806
Salaries and Wages	523,927	589,630	664,629	672,793	1.2%	8,164
Total for General Fund - City	801,208	888,249	1,116,143	1,191,752	6.8%	75,609
Total for PW - ENGINEERING SER	8,320,511	9,214,933	12,698,124	13,747,479	8.3%	1,049,355

PW - ENGINEERING SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Charges for Sales	53,422	3,875	0	0	0.0%	0
Charges for Service	93,165	29,792	2,600,000	2,854,094	9.8%	254,094
Other Misc Revenues	182	5	0	0	0.0%	0
State Government	181,538	498,285	600,000	676,920	12.8%	76,920
Total for Capital Projects	328,306	531,956	3,200,000	3,531,014	10.3%	331,014
Enterprise Funds						
Charges for Service	1,752,895	1,958,250	1,500,000	1,838,668	22.6%	338,668
Interest	0	17	0	0	0.0%	0
Other Misc Revenues	1,369	8	0	0	0.0%	0
State Government	0	0	200,002	151,002	-24.5%	-49,000
Total for Enterprise Funds	1,754,263	1,958,274	1,700,002	1,989,670	17.0%	289,668
General Fund - City						
Charges for Sales	0	3,000	0	0	0.0%	0
Charges for Service	548,469	473,497	575,000	475,000	-17.4%	-100,000
Interest	0	72	0	0	0.0%	0
Licenses and Permits	21,577	15,410	10,000	10,000	0.0%	0
Other Misc Revenues	71	28	0	0	0.0%	0
Total for General Fund - City	570,117	492,007	585,000	485,000	-17.1%	-100,000
Total for PW - ENGINEERING SERVICES	2,652,687	2,982,237	5,485,002	6,005,684	9.5%	520,682

EQUIPMENT SERVICES

This division operates out of the Equipment Internal Service Fund. The department's budget reflects an increase of 31%. This increase is due to a large increase in debt service for the year, in addition to a change in the accounting for intra-fund charges.

The Equipment Services expense budget includes \$581,000 in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget for this department also includes \$245,000 in BIS charges calculated on a city-wide rate model and \$43,600 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Equipment Services' budget for 2005 is \$34.7 million, a 30% increase over 2004.

PUBLIC WORKS EQUIPMENT SERVICES Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Maintenance	75.60	75.10	77.10	80.04	3.81%	2.94
Municipal Garage	12.00	12.00	10.00	-	-100.00%	(10.00)
Operations	170.00	170.00	170.00	177.06	4.15%	7.06
Total FTE's	257.60	257.10	257.10	257.10	0.00%	-

**PW - EQUIPMENT
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Internal Service Funds						
Capital Outlay	0	163,532	0	0		0
Contractual Services	5,439,118	4,729,281	4,836,806	10,106,899	109.0%	5,270,093
Equipment	5,473,360	0	170,522	172,910	1.4%	2,388
Equipment Labor	1,896	0	0	0		0
Fringe Benefits	3,688,689	4,052,529	4,637,224	4,782,912	3.1%	145,688
Operating Costs	3,739,842	3,458,027	3,985,716	6,051,759	51.8%	2,066,043
Salaries and Wages	10,864,632	11,323,911	13,160,728	13,943,372	5.9%	782,644
Total for Internal Service Funds	29,207,537	23,727,280	26,790,996	35,057,852	30.9%	8,266,856
Total for PW - EQUIPMENT	29,207,537	23,727,280	26,790,996	35,057,852	30.9%	8,266,856

PW - EQUIPMENT
Revenue Information

	2002	2003	2004	2005	% Change	Change
	Actual	Actual	Adopted	Adopted		
			Budget	Budget		
Internal Service Funds						
Charges for Sales	2,587,658	2,194,813	5,144,956	6,434,262	25.1%	1,289,306
Charges for Service	8,676,646	601,846	4,971,962	7,389,661	48.6%	2,417,699
Gains	319,590	297,499	200,000	200,000	0.0%	0
Interest	-4,328	1,596	500	500	0.0%	0
Operating Transfers In	0	0	0	0	0.0%	0
Other Misc Revenues	419,102	584,003	310,000	310,000	0.0%	0
Proceeds of Long Term Liabilities	0	0	0	0	0.0%	0
Rents	19,716,789	28,771,508	24,137,500	27,267,348	13.0%	3,129,848
Total for Internal Service Funds	31,715,458	32,451,266	34,764,918	41,601,771	19.7%	6,836,853
Total for PW - EQUIPMENT	31,715,458	32,451,266	34,764,918	41,601,771	19.7%	6,836,853

FIELD SERVICES

The Field Services division reflects an overall 0.8% decrease over the 2004 Adopted Budget. Field Services is funded by the General Fund, CDBG Fund, Permanent Improvement Projects (Capital) Fund, and the Sewer Enterprise Fund. The General Fund Budget (Bridge, Street Repair, Snow & Ice, Malls & Plazas) decreased by 5.2% resulting mainly from a reduction in Equipment charges. The CDBG Fund has been allocating approximately \$107,000 annually for graffiti removal. The Capital Fund (Sidewalk) budget was increased by 5.2% to provide funding to pay general fund overhead. The Sewer Enterprise Fund (Cleaning) increased by 15.4% mainly due to an increase in equipment costs.

The Field Services division outlined target strategies in the General Fund to comply with the five-year financial direction, amounting to \$1.1 million and resulting in a reduction of 11.3 positions in 2005. These reductions included the following: 2 Engineer Tech II positions and 1 Construction Maintenance Laborer position in the Bridge Maintenance Division, 1 Truck Drive position and 1.2 Construction Maintenance Laborer positions in the Street Maintenance Division, 1.2 Construction Maintenance Laborer (Seasonal) positions in the Snow and Ice Division, and 4.8 Construction Maintenance Laborer positions and 0.1 Maintenance Crew Leader position in the Malls and Plazas division. Additionally, savings were derived from reductions in equipment, equipment repair, parts and fuel needs.

The budget for areas of this department includes \$310,000 in BIS charges calculated on a city-wide rate model and \$28,100 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Field Services' budget for 2005 is \$28.5 million, a 2% decrease from 2004.

PUBLIC WORKS FIELD SERVICES Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Sidewalk Inspections	5.00	6.00	6.00	6.00	0.00%	-
Bridge Maintenance	21.80	20.80	18.40	15.40	-16.30%	(3.00)
Nicollet Mall	11.80	8.30	6.10	6.10	0.00%	-
Street Maintenance	77.76	77.66	51.90	49.70	-4.24%	(2.20)
Street Administration	10.80	11.80	10.80	10.80	0.00%	-
Street Cleaning	26.34	26.34	26.30	26.30	0.00%	-
Snow & Ice Control	29.20	28.70	28.70	27.50	-4.18%	(1.20)
Malls and Plazas Maintenance	21.00	21.30	17.30	12.40	-28.32%	(4.90)
Total FTE's	203.70	200.90	165.50	154.20	-6.83%	(11.30)

**PW - FIELD SERVICES
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Contractual Services	74,782	145,242	116,839	187,403	60.4%	70,564
Fringe Benefits	57,488	55,337	74,355	73,019	-1.8%	-1,336
Operating Costs	16,115	17,481	18,336	21,104	15.1%	2,768
Salaries and Wages	236,781	260,548	300,332	283,891	-5.5%	-16,441
Total for Capital Projects	385,166	478,607	509,862	565,417	10.9%	55,555
Enterprise Funds						
Contractual Services	3,674,915	3,705,734	3,556,998	4,393,435	23.5%	836,437
Fringe Benefits	366,640	409,468	523,527	555,510	6.1%	31,983
Operating Costs	34,821	38,837	251,526	273,784	8.8%	22,258
Salaries and Wages	1,100,656	1,104,040	1,350,972	1,333,664	-1.3%	-17,308
Total for Enterprise Funds	5,177,031	5,258,078	5,683,023	6,556,393	15.4%	873,370
General Fund - City						
Contractual Services	8,310,919	7,864,373	10,024,454	9,079,148	-9.4%	-945,306
Equipment	250,151	166,407	165,701	168,021	1.4%	2,320
Fringe Benefits	2,568,959	2,604,193	2,523,463	2,508,437	-0.6%	-15,026
Operating Costs	3,157,972	2,996,255	3,565,718	3,606,346	1.1%	40,628
Salaries and Wages	7,636,597	7,326,706	6,508,413	6,250,532	-4.0%	-257,881
Total for General Fund - City	21,924,598	20,957,934	22,787,749	21,612,484	-5.2%	-1,175,265
Internal Service Funds						
Fringe Benefits	0	0	0	0		0
Total for Internal Service Funds	0	0	0	0		0
Special Revenue Funds						
Contractual Services	0	5,991	107,000	107,000	0.0%	0
Total for Special Revenue Funds	0	5,991	107,000	107,000	0.0%	0
Total for PW - FIELD SERVICES	27,486,795	26,700,610	29,087,634	28,841,294	-0.8%	-246,340

PW - FIELD SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Capital Projects						
Charges for Service	77,547	73,739	60,000	55,000	-8.3%	-5,000
Licenses and Permits	429,035	367,333	210,000	250,000	19.0%	40,000
Operating Transfers In	5,133	0	0	0	0.0%	0
Special Assessments	0	4,069	0	0	0.0%	0
Total for Capital Projects	511,715	445,141	270,000	305,000	13.0%	35,000
Enterprise Funds						
Charges for Sales	299	3,224	500	1,000	100.0%	500
Charges for Service	1,235	484	2,000	1,000	-50.0%	-1,000
Local Government	128,178	204,086	204,086	166,985	-18.2%	-37,101
Operating Transfers In	88,520	0	0	0	0.0%	0
Other Misc Revenues	-452	15,053	2,000	10,000	400.0%	8,000
Special Assessments	0	112,330	115,000	115,000	0.0%	0
State Government	565,883	479,008	669,045	651,048	-2.7%	-17,997
Total for Enterprise Funds	783,663	814,185	992,631	945,033	-4.8%	-47,598
General Fund - City						
Charges for Sales	15,323	38,666	4,500	20,000	344.4%	15,500
Charges for Service	2,748,159	4,397,417	2,225,000	2,250,000	1.1%	25,000
Contributions	50	0	0	0	0.0%	0
Interest	5,252	954	0	0	0.0%	0
Local Government	208,213	143,622	143,622	160,914	12.0%	17,292
Operating Transfers In	100,991	30,344	0	0	0.0%	0
Other Misc Revenues	44,074	71,143	49,450	29,800	-39.7%	-19,650
Rents	2,400	2,400	2,200	2,400	9.1%	200
Special Assessments	1,644,575	1,533,108	1,552,295	1,542,768	-0.6%	-9,527
State Government	3,237,212	2,618,245	2,218,495	2,258,793	1.8%	40,298
Total for General Fund - City	8,006,250	8,835,898	6,195,562	6,264,675	1.1%	69,113
Total for PW - FIELD SERVICES	9,301,628	10,095,224	7,458,193	7,514,708	0.8%	56,515

SOLID WASTE & RECYCLING SERVICES

The total 2005 budget is \$26.5 million, which is a 3.7% increase over the 2004 Adopted Budget. The division is budgeted 100% within the Solid Waste Enterprise Fund. The total revenues are expected to be \$27.5 million, with rates remaining at the 2004 level. Please see the Solid Waste Financial Plan in the Finance Plan section of this book for more information.

The 2005 Solid Waste budget includes \$2.4 million in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget for areas of this department includes \$342,000 in BIS charges calculated on a city-wide rate model and \$20,900 for benefits administration. Backing out these charges, the 2005 budget for Solid Waste and Recycling Services is \$26 million, a 2% increase over 2004.

The Mayor recommended and the Council concurred to add three positions to the 2005 budget within its current funding to better address clean city programs and \$150,000 in funding to study options on the South and Pacific transfer facilities.

PUBLIC WORKS SOLID WASTE AND RECYCLING Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Collection	41.00	44.00	39.00	39.00	0.00%	-
Recycling	17.00	14.00	18.00	21.00	16.67%	3.00
Disposal	1.00	1.00	1.00	1.00	0.00%	-
Yard Waste	9.50	9.50	9.00	9.00	0.00%	-
Large Item & Problem Materials	9.00	8.00	8.00	9.00	12.50%	1.00
South Transfer Station	1.00	1.00	1.00	1.00	0.00%	-
Administration	17.50	17.30	16.00	16.00	0.00%	-
Customer Service	9.00	9.00	9.00	9.00	0.00%	-
Clean City	12.50	12.00	12.00	11.00	-8.33%	(1.00)
Equipment	9.00	9.00	10.00	10.00	0.00%	-
Total FTE's	126.50	124.80	123.00	126.00	2.44%	3.00

**PW - SOLID WASTE
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Capital Outlay	40,999	0	0	0		0
Contractual Services	15,475,192	14,901,581	16,016,298	16,395,310	2.4%	379,012
Equipment	803,031	718,339	1,120,791	1,136,482	1.4%	15,691
Fringe Benefits	2,019,395	2,146,027	2,251,843	2,445,276	8.6%	193,433
Operating Costs	611,253	938,633	748,578	777,081	3.8%	28,503
Salaries and Wages	5,321,369	5,235,170	5,463,353	5,793,481	6.0%	330,128
Total for Enterprise Funds	24,271,239	23,939,749	25,600,863	26,547,630	3.7%	946,767
Total for PW - SOLID WASTE	24,271,239	23,939,749	25,600,863	26,547,630	3.7%	946,767

PW - SOLID WASTE
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Charges for Sales	618,273	940,994	640,200	900,000	40.6%	259,800
Charges for Service	25,174,809	26,240,594	26,098,800	26,098,800	0.0%	0
Gains	15,171	0	0	0	0.0%	0
Interest	14	1	0	0	0.0%	0
Local Government	936,327	844,405	804,000	544,000	-32.3%	-260,000
Other Misc Revenues	3,433	1,892	0	0	0.0%	0
Rents	280	140	0	0	0.0%	0
Special Assessments	34,856	0	0	0	0.0%	0
Total for Enterprise Funds	26,783,162	28,028,027	27,543,000	27,542,800	-0.0%	-200
Total for PW - SOLID WASTE	26,783,162	28,028,027	27,543,000	27,542,800	-0.0%	-200

PROPERTY SERVICES

This division operates out of the Property Services Internal Service Fund. The department's budget reflects a 16.1% increase in expenditures over the 2004 budget. The maintenance of three new ramps in 2005 was added in the Ramp Maintenance division during the Current Service Level.

The 2005 Property Services expense budget includes \$233,000 in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget for this department also includes \$199,000 in BIS charges calculated on a city-wide rate model and \$16,300 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, Property Services' 2005 budget is \$13.7 million, a 14.3% increase over 2005.

The Mayor recommended and the Council concurred to add seven positions to Property Management from CPED, and removed one position from Real Estate Management to CPED.

PUBLIC WORKS PROPERTY SERVICES Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	%	Change
					Change	
FTE's by Division						
Radio	11.30	11.00	11.00	11.00	0.00%	-
Facilities Management Maintenance	52.50	82.85	82.90	91.90	10.86%	9.00
Special Projects	3.00	2.50	3.00	-	-100.00%	(3.00)
Total FTE's	66.80	96.35	96.90	102.90	6.19%	6.00

**PW - PROPERTY SERVICES
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Internal Service Funds						
Capital Outlay	0	0	7,234	7,335	1.4%	101
Contractual Services	3,650,868	3,682,729	3,415,964	4,035,286	18.1%	619,322
Equipment	52,934	0	483,661	490,432	1.4%	6,771
Equipment Labor	2,194	2,508	0	0		0
Fringe Benefits	1,482,047	1,513,169	1,605,460	1,843,312	14.8%	237,852
Operating Costs	1,309,545	1,105,975	1,572,298	1,640,157	4.3%	67,859
Salaries and Wages	4,580,694	4,608,275	4,916,549	5,916,705	20.3%	1,000,156
Total for Internal Service Funds	11,078,282	10,912,657	12,001,166	13,933,227	16.1%	1,932,061
Special Revenue Funds						
Contractual Services	158,369	124,495	0	0		0
Total for Special Revenue Funds	158,369	124,495	0	0		0
Total for PW - PROPERTY SERVICE	11,236,650	11,037,151	12,001,166	13,933,227	16.1%	1,932,061

PW - PROPERTY SERVICES
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Internal Service Funds						
Charges for Sales	648,745	510,842	880,000	385,480	-56.2%	-494,520
Charges for Service	5,116,358	4,777,037	4,432,500	6,380,500	43.9%	1,948,000
Interest	57	-24	0	0	0.0%	0
Other Misc Revenues	25,784	440	2,000	2,000	0.0%	0
Rents	5,929,459	6,214,108	6,338,500	6,647,500	4.9%	309,000
Total for Internal Service Funds	11,720,403	11,502,403	11,653,000	13,415,480	15.1%	1,762,480
Total for PW - PROPERTY SERVICES	11,720,403	11,502,403	11,653,000	13,415,480	15.1%	1,762,480

SEWER MAINTENANCE

The 2005 budget of \$43.3 million for Sewer Maintenance is funded entirely in the Sewer Enterprise Fund. Please see the Stormwater and Sanitary Sewer Fund Financial Plan in the Finance Plan section of this book for more information.

The 2005 Sewer Maintenance expense budget includes \$3.8 million in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget for this department also includes \$194,000 in BIS charges calculated on a city-wide rate model and \$10,400 for benefits administration. Backing out these charges, Sewer Maintenance’s 2005 budget is \$43 million, a 1% decrease from the 2004 Adopted Budget.

**PUBLIC WORKS SEWER MAINTENANCE
Staffing Information**

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Total FTE's	61.90	63.60	64.10	64.10	0.00%	-

**PW - SEWER MAINTENANCE
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Capital Outlay	1,393	0	0	0		0
Contractual Services	30,835,322	6,375,523	10,640,737	10,551,769	-0.8%	-88,968
Equipment	135,827	28,674	159,153	161,381	1.4%	2,228
Equipment Labor	1,600	1,530	0	0		0
Fringe Benefits	1,212,133	1,309,983	1,389,773	1,422,172	2.3%	32,399
Operating Costs	1,398,013	27,647,258	28,480,339	28,093,721	-1.4%	-386,618
Salaries and Wages	2,945,355	2,973,443	2,926,682	3,083,680	5.4%	156,998
Total for Enterprise Funds	36,529,644	38,336,410	43,596,684	43,312,723	-0.7%	-283,961
Total for PW - SEWER MAINTENA	36,529,644	38,336,410	43,596,684	43,312,723	-0.7%	-283,961

PW - SEWER MAINTENANCE
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Charges for Service	60,789,367	60,374,304	64,540,624	65,847,200	2.0%	1,306,576
Interest	-338	420	0	0	0.0%	0
Local Government	0	86,003	86,003	0	-100.0%	-86,003
Other Misc Revenues	-61,189	9,906	50,000	50,000	0.0%	0
Special Assessments	55,541	0	0	0	0.0%	0
State Government	0	77,327	117,631	117,631	0.0%	0
Total for Enterprise Funds	60,783,380	60,547,961	64,794,258	66,014,831	1.9%	1,220,573
Total for PW - SEWER MAINTENANCE	60,783,380	60,547,961	64,794,258	66,014,831	1.9%	1,220,573

TRANSPORTATION & PARKING SERVICES

This division is funded by the Municipal Parking Fund (75% of total budget), the General fund (20%), and the Public Works Stores Fund (5%). The 2003 budget cuts recommended eliminating and the shifting to capital of 18 positions. The 2004 decision package included Mayor's recommendation of consolidating parking ramp security system. Consolidation of ramp security systems result in a savings of \$698,000 in the 2005 budget. The 2005 budget of \$54.5 million is an increase of 9% over 2004. The increase is partially due to two additional ramps, Guthrie Ramp and Mill Quarter Ramp, that are scheduled to be completed and operational in 2005. Projected revenue is estimated at \$60.9 million, which is a decrease of \$2.1 million across all funds.

As a target strategy in the General Fund, the Transportation division eliminated 1.0 Electrician position in the Traffic Operations division, reduced contractual services through LED conversions of traffic signals and shifted non-personnel costs to capital activities. These reductions amount to \$201,527 in the General Fund.

The 2005 Transportation and Parking Services budget includes \$1.4 million in General Fund overhead charges. This is a change in accounting that replaces various charges for indirect costs that were previously budgeted directly in management services departments.

The budget for areas of this department includes \$804,000 in BIS charges calculated on a city-wide rate model and \$16,700 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 budget for Transportation and Parking Services is \$54 million, a 7% increase over 2004.

The Council Adopted Budget added \$40,000 for residential parking planning funding in the Parking Fund, thereby reducing the fund balance.

PUBLIC WORKS TRANSPORTATION Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Street Lighting	5.60	6.60	5.10	5.10	0.00%	-
Planning and Design	6.50	6.50	8.50	8.50	0.00%	-
Inventory	2.00	2.00	2.00	2.00	0.00%	-
Field Operations	51.54	48.54	33.84	32.84	-2.96%	(1.00)
On-Street Parking	10.30	12.30	12.65	12.75	0.79%	0.10
Off-Street Parking	18.10	14.10	13.40	13.20	-1.49%	(0.20)
Towing and Impound	22.50	25.00	24.85	24.95	0.40%	0.10
Total FTE's	116.54	115.04	100.34	99.34	-1.00%	(1.00)

**PW - TRANSPORTATION
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Capital Outlay	1,790	0	15,502	0	-100.0%	-15,502
Contractual Services	28,986,287	37,532,190	34,857,407	36,292,896	4.1%	1,435,489
Equipment	281,140	96,894	603,109	576,062	-4.5%	-27,047
Fringe Benefits	664,380	728,603	805,595	828,737	2.9%	23,142
Operating Costs	496,472	351,799	507,898	512,032	0.8%	4,134
Salaries and Wages	2,512,654	2,647,034	2,634,513	2,736,686	3.9%	102,173
Total for Enterprise Funds	32,942,723	41,356,521	39,424,024	40,946,413	3.9%	1,522,389
General Fund - City						
Capital Outlay	0	0	2,067	2,096	1.4%	29
Contractual Services	5,369,783	5,475,329	5,962,881	6,205,391	4.1%	242,510
Equipment	0	0	113,372	72,442	-36.1%	-40,930
Fringe Benefits	1,058,713	893,218	890,000	1,017,910	14.4%	127,910
Operating Costs	1,103,547	1,100,351	837,638	970,624	15.9%	132,986
Salaries and Wages	3,028,096	2,279,701	2,489,880	2,715,820	9.1%	225,940
Total for General Fund - City	10,560,140	9,748,599	10,295,838	10,984,283	6.7%	688,445
Internal Service Funds						
Contractual Services	54,442	75,761	52,627	128,144	143.5%	75,517
Equipment	0	0	16,276	16,503	1.4%	227
Fringe Benefits	34,374	29,867	31,483	33,290	5.7%	1,807
Operating Costs	27,182	47,824	71,702	2,319,919	3,135.5%	2,248,217
Salaries and Wages	94,160	97,920	102,410	105,366	2.9%	2,956
Total for Internal Service Funds	210,158	251,372	274,498	2,603,222	848.4%	2,328,724
Total for PW - TRANSPORTATION	43,713,020	51,356,492	49,994,360	54,533,918	9.1%	4,539,558

PW - TRANSPORTATION
Revenue Information

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Charges for Sales	1,062,638	1,184,528	1,001,000	1,001,000	0.0%	0
Charges for Service	52,702,169	51,111,180	56,455,882	54,389,616	-3.7%	-2,066,266
Interest	150	1,492	750	750	0.0%	0
Licenses and Permits	193,244	192,354	155,000	193,000	24.5%	38,000
Operating Transfers In	0	502,148	0	0	0.0%	0
Other Misc Revenues	856	18,971	1,000	1,000	0.0%	0
Rents	130,744	123,137	3,000	3,000	0.0%	0
State Government	0	295,600	0	0	0.0%	0
Total for Enterprise Funds	54,089,801	53,429,410	57,616,632	55,588,366	-3.5%	-2,028,266
General Fund - City						
Charges for Sales	5,556	10,196	12,000	12,000	0.0%	0
Charges for Service	63,732	156,883	320,000	200,000	-37.5%	-120,000
Franchise Fees	91,014	85,997	100,000	110,000	10.0%	10,000
Interest	-430	3,633	1,000	2,500	150.0%	1,500
Licenses and Permits	597,588	1,093,248	521,243	721,243	38.4%	200,000
Local Government	345,602	414,969	414,970	478,570	15.3%	63,600
Other Misc Revenues	90,963	259,347	200,000	200,000	0.0%	0
Special Assessments	46,166	63,050	60,000	60,000	0.0%	0
State Government	2,234,766	1,369,790	1,583,985	1,636,524	3.3%	52,539
Total for General Fund - City	3,474,956	3,457,113	3,213,198	3,420,837	6.5%	207,639
Internal Service Funds						
Charges for Sales	1,824,794	2,529,621	2,033,000	1,810,000	-11.0%	-223,000
Charges for Service	111,306	59,311	75,000	50,000	-33.3%	-25,000
Interest	0	163	0	0	0.0%	0
Total for Internal Service Funds	1,936,100	2,589,094	2,108,000	1,860,000	-11.8%	-248,000
Total for PW - TRANSPORTATION	59,500,856	59,475,617	62,937,830	60,869,203	-3.3%	-2,068,627

WATER TREATMENT & DISTRIBUTION SERVICES

The 2005 budget increase is \$5.7 million, which represents a 15.1% increase over the prior year. The budget increased from \$37.6 million in 2004 to \$43.3 million in 2005. The 2005 revenue is projected to increase from \$62 million to \$65 million. This increase is mainly due to projected rate increases and a temporary increase in revenue resulting from a provisional agreement with the joint water commission. Please see the Water Financial Plan in the Finance Plan section of this book for more information.

In 2005, the Water Treatment budget includes \$4.3 million to phase in General Fund overhead charges. This is a \$600,000 expense increase over the 2004 budget. The General Fund overhead charges replace various charges for indirect costs that were previously budgeted directly in management services departments. The budget for this department also includes \$1.4 million in BIS charges calculated on a city-wide rate model and \$40,700 for benefits administration. Both charges were centrally budgeted in the past. Backing out these charges, the 2005 budget for Water Treatment and Distribution Services is \$41.8 million, an 11% increase over 2004.

PUBLIC WORKS WATER Staffing Information

	2002 Adopted Budget	2003 Adopted Budget	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
FTE's by Division						
Administration	7.00	7.00	7.00	7.00	0.00%	-
Treatment	80.00	79.75	79.75	79.75	0.00%	-
Treatment Maintenance	59.00	59.00	60.00	61.00	1.67%	1.00
Distribution	95.00	94.00	93.00	92.00	-1.08%	(1.00)
Total FTE's	241.00	239.75	239.75	239.75	0.00%	-

**PW - WATER
Expense Information**

	2002 Actual	2003 Actual	2004 Adopted Budget	2005 Adopted Budget	% Change	Change
Enterprise Funds						
Capital Outlay	23,940	0	6,717	6,810	1.4%	93
Contractual Services	11,079,709	10,749,852	10,714,680	15,664,583	46.2%	4,949,903
Equipment	132,705	157,966	189,582	192,235	1.4%	2,653
Equipment Labor	99,305	112,539	0	0		0
Fringe Benefits	3,695,321	4,210,230	4,346,617	4,501,054	3.6%	154,437
Operating Costs	4,935,886	5,298,847	9,612,278	9,656,864	0.5%	44,586
Salaries and Wages	11,847,314	11,978,752	12,716,239	13,251,747	4.2%	535,508
Total for Enterprise Funds	31,814,181	32,508,187	37,586,113	43,273,293	15.1%	5,687,180
Total for PW - WATER	31,814,181	32,508,187	37,586,113	43,273,293	15.1%	5,687,180

PW - WATER
Revenue Information

	2002	2003	2004	2005	% Change	Change
	Actual	Actual	Adopted	Adopted		
			Budget	Budget		
Enterprise Funds						
Charges for Sales	1,714,787	678,996	1,740,000	1,780,000	2.3%	40,000
Charges for Service	50,170,879	57,163,670	60,254,953	63,221,953	4.9%	2,967,000
Interest	-22,332	1,542	0	0	0.0%	0
Licenses and Permits	787	1,069	1,000	1,000	0.0%	0
Other Misc Revenues	1,743	39,329	19,100	19,100	0.0%	0
Rents	3,066	0	2,000	1,000	-50.0%	-1,000
Special Assessments	0	1,139,718	0	0	0.0%	0
Total for Enterprise Funds	51,868,930	59,024,324	62,017,053	65,023,053	4.8%	3,006,000
Total for PW - WATER	51,868,930	59,024,324	62,017,053	65,023,053	4.8%	3,006,000