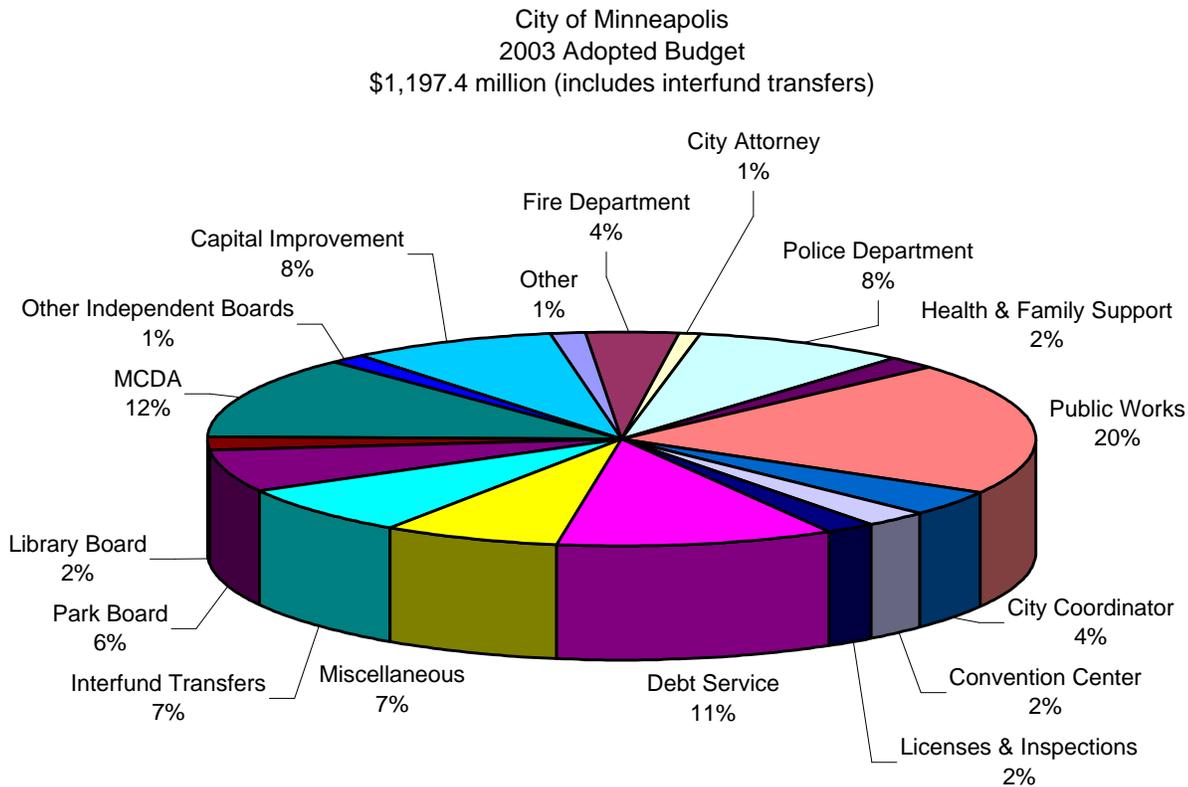


City of Minneapolis FY 2003 Budget

Financial Overview

The 2003 adopted budget for all City funds represents a 3.8 percent decrease from the 2002 adopted budget, with total expenditures decreasing from \$1.24 billion in 2002 to the adopted level of \$1.20 billion in 2003.¹ The adopted property tax rate is 66.58 percent, a tax rate increase of 8 percent from 2002 adopted. This tax rate will provide an additional \$11.8 million in property tax revenue, or 7.6 percent. This is an increase from \$153.9 million to \$165.7 million from 2002 adopted to 2003 adopted.² The City's net tax base (after reductions for tax increment and fiscal disparities) is projected to increase by 3.6 percent for taxes payable 2003, from \$208.2 million to \$215.8 million.

Below is a summary of the 2003 adopted expenditure budget, including Interfund Transfers and the Independent Boards and Agencies.



¹ Total expenditures include inter-fund transfers of \$89.6 million.

² This includes a \$520,000 tax abatement levy for the Minneapolis Community Development Agency, as well as a \$4 million Housing and Redevelopment Authority/Chapter 595 levy.

City of Minneapolis Expenditures by Service (in millions of dollars)

	2002 Adopted Budget	2003 Adopted Budget
City Coordinator (excluding Inspections and Licenses) ³	\$47.2	\$48.5
City Attorney	\$9.2	\$9.9
Convention Center and Greater Minneapolis Convention and Visitor's Association	\$26.3	\$27.5
Fire Department	\$42.3	\$44.3
Health and Family Support	\$22.1	\$21.3
Inspections and Licenses	\$24.1	\$23.1
Police	\$97.1	\$100.8
Public Works - Field Services	\$27.6	\$29.9
Public Works - Sewer, Storm Water, Flood Mitigation	\$38.9	\$39.9
Public Works - Solid Waste and Recycling	\$25.2	\$25.8
Public Works - Transportation	\$45.2	\$47.4
Public Works - Water Treatment and Distribution	\$31.5	\$34.8
Public Works - Other	\$55.6	\$61.3
Other City Services ⁴	\$15.2	\$16.4
Other ⁵	\$61.1	\$82.4
Debt Service ⁶	\$136.5	\$132.4
Capital Improvement	\$122.5	\$98.1
Subtotal	\$827.9	\$843.8
<i><u>Independent Boards</u></i>		
Community Development Agency (MCDA)	\$162.1	\$149.1
Library Board	\$22.0	\$22.0
Park Board	\$78.5	\$77.5
Youth Coordinating Board	\$6.8	\$6.1
Other Boards ⁷	\$9.0	\$9.2
Subtotal	\$278.5	\$264.1
Total Expenditures (without Transfers)	\$1,106.3	\$1,107.8
Transfers to other funds	\$138.4	\$89.6
Total Expenditures with Transfers	\$1,244.8	\$1,197.4

³ The 2003 adopted amount includes the budget for the newly created Community Planning & Economic Development (CPED). City Coordinator also includes: Communications, Finance, Human Resources, Intergovernmental Relations, and Information Technology Services.

⁴ Other City Services include the following departments: Assessor, City Council, City Clerk, Civil Rights (including the Civilian Review Authority), Mayor, and Planning.

⁵ Other includes non-departmental, pension, workers compensation, liability, and contingency expenses.

⁶ Debt Service does not include debt service paid directly from proprietary funds or by independent boards.

⁷ Other Boards include Park Museum, Minneapolis Public Housing Authority, Board of Estimate and Taxation, Minneapolis Building Commission, and Minneapolis Neighborhood Revitalization Administration.

Below is a summary of the City's total revenues by major category. As shown, 40 percent of the City's funding comes from revenue from Charges for Service and the State of Minnesota. Although property tax revenue represents only 18 percent of the total, it is one of the major funding sources for the City's general services such as police, fire, street maintenance, and snow and ice control.

City of Minneapolis Revenue by Major Category (in millions of dollars)

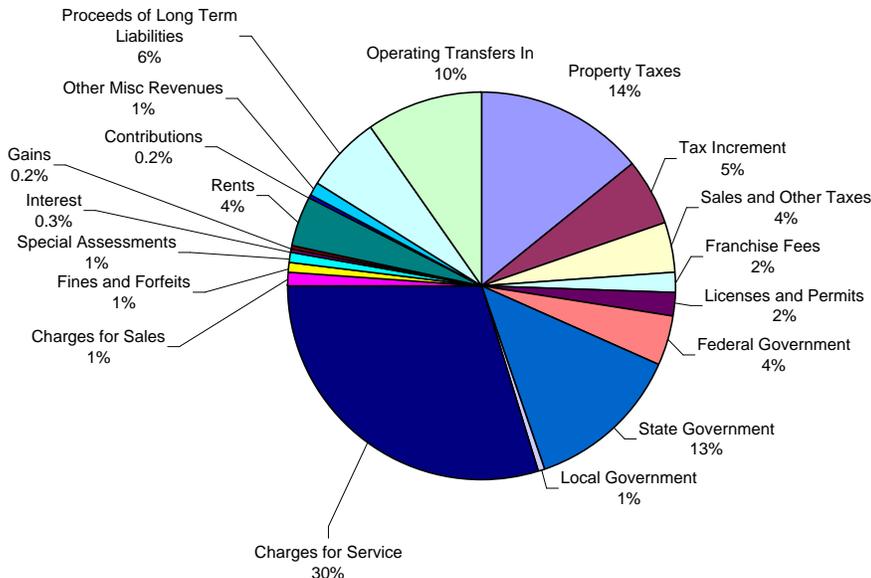
	2002 Adopted Budget	2003 Adopted Budget
Property Tax ⁸	\$151.3	\$166.5
Tax Increment Property Tax	\$58.7	\$64.6
Sales and Other Taxes	\$49.1	\$49.5
State Government	\$151.0	\$154.3
Local Government	\$8.5	\$8.3
Federal Government	\$39.2	\$50.0
Franchise Fees	\$21.6	\$20.4
Charges for Service	\$311.1	\$348.5
Charges for Sales	\$15.1	\$14.1
Licenses and Permits	\$19.6	\$21.7
Fines and Forfeitures	\$8.2	\$9.3
Special Assessments	\$10.0	\$10.2
Interest Income	\$6.4	\$3.6
Rents	\$46.2	\$49.9
Other ⁹	\$102.9	\$89.7
Subtotal	\$1,002.9	\$1,063.0
Transfers from Other Funds	\$280.9	\$116.0
Total Revenues ¹⁰	\$1,283.7	\$1,179.0

⁸ Property taxes are budgeted at 98 percent of gross levy to reflect anticipated delinquencies.

⁹ Other includes gains, contributions, other miscellaneous revenues, and proceeds from long-term liabilities.

¹⁰ Total expenditures exceed total revenue, which represents the annual budgeted change in fund balance. The change in fund balance is mostly due to timing of capital projects and bond issuance.

**City of Minneapolis
2003 Adopted Budget
\$1,179.0 million (includes interfund transfers)**



The City uses different “Funds” to account for the expense and revenue associated with the various services provided. The **General Fund**, which is where most of the property tax supported services are accounted for, represents 23 percent of the 2003 adopted budget.

The **Enterprise Funds** include services that the City provides that operate more like a “business” in that they are expected to generate a profit to cover capital purchases and related debt service requirements. Enterprise services of the City include such services as sanitary sewer services, storm water management, flood mitigation, water treatment and distribution, solid waste and recycling, and municipal parking.

Internal Services Funds are similar to Enterprise Funds in that they are used to account for services that the City provides that operate more like a business, however, Internal Service Funds primary customer is other City departments. Internal services include such services as information technology, equipment rental (i.e. police squad cars and fire equipment), and self-insurance.

Other Funds includes Special Revenue Funds where that proceeds of specific revenue sources are restricted to expenditures for specific purposes. Services accounted for in the Other Funds include such services and operations as the Minneapolis Convention Center, and other grant funded services.

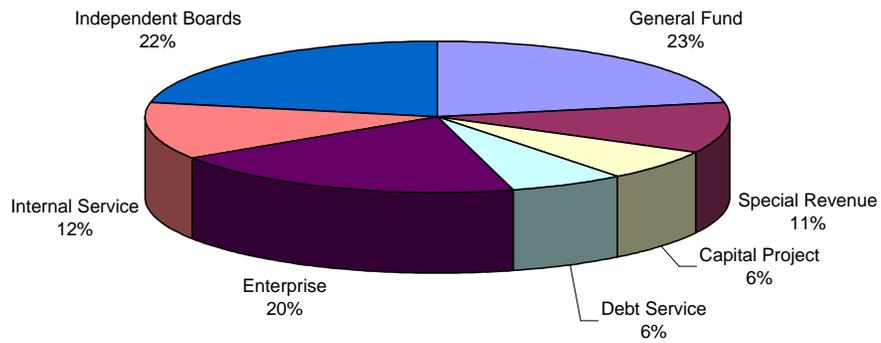
The **Independent Boards** include Board of Estimate and Taxation, Library, Park, Community Development Agency, Neighborhood Revitalization, Municipal Building Commission, and Youth Coordinating Board.

City of Minneapolis Budget By Fund (in millions of dollars)

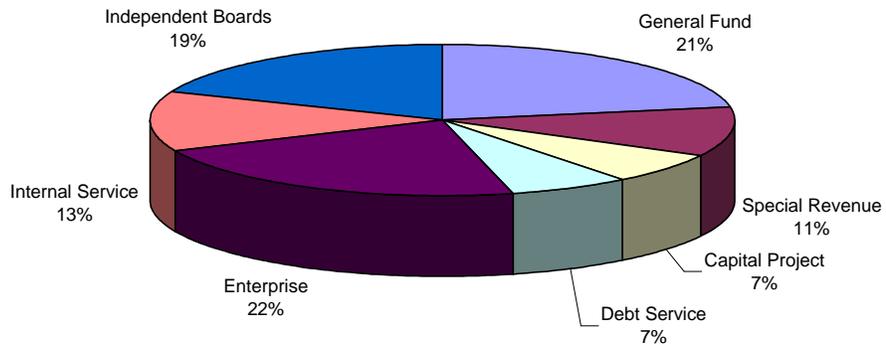
	2002 Adopted Budget	2003 Adopted Budget
Expenditures:		
General Fund	\$245.8	\$263.2
Enterprise Funds	\$242.9	\$239.6
Internal Service Funds	\$131.8	\$144.1
Special Revenue Funds	\$126.9	\$131.0
Capital Projects Funds	\$87.4	\$77.8
Debt Service Funds	\$131.5	\$77.8
Independent Board Funds	\$278.5	\$264.1
Total Expenditures	\$1,244.8	\$1,197.4
Revenues:		
General Fund	\$245.8	\$263.2
Enterprise Funds	\$247.7	\$260.9
Internal Service Funds	\$136.8	\$152.3
Special Revenue Funds	\$126.6	\$123.9
Capital Projects Funds	\$74.2	\$78.0
Debt Service Funds	\$192.7	\$78.7
Independent Board Funds	\$259.9	\$222.0
Total Revenues	\$1,283.7	\$1,179.0
Changes in Balances ¹¹	\$38.9	(\$18.4)

¹¹ Total expenditures exceed revenues in 2003, which represents a budgeted change in fund balance. The change in fund balance is mostly due to timing of capital projects and bond issuance.

City of Minneapolis
 2003 Adopted Expenditure Budget by Fund
 \$1.197 million (includes interfund transfers)



City of Minneapolis
 2003 Adopted Revenue Budget by Fund
 \$1.179 million (includes interfund transfers)

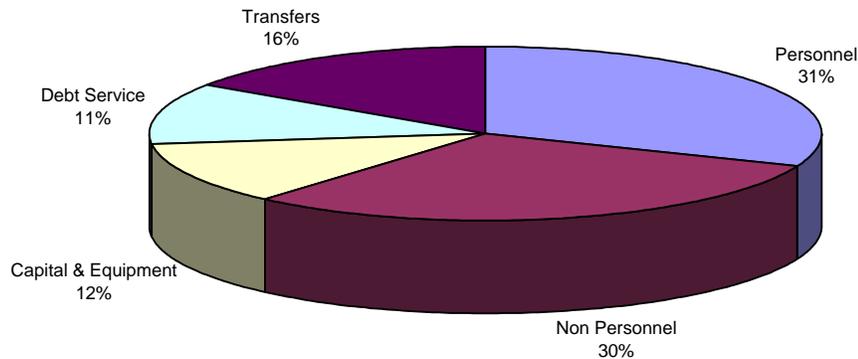


The majority of the City's budget is spent on personnel, \$372.9 million or 31 percent of the total budget. The 2003 adopted budget includes a decrease of 53 budgeted full time equivalent positions (FTE's). This is the net result of increases within the Independent Boards, and targeted reductions within General Fund and Independent board positions. This also includes a reconciliation of the police staffing (please see the police department section for further detail) to fully reflect prior year's budget decisions.

City of Minneapolis Budget by Major Expense Category (in millions of dollars)

	2002 Adopted Budget	2003 Adopted Budget
Full Time Equivalent Positions	6,091	6,039
Expenditures:		
Personnel	\$ 348.3	\$372.9
Non-Personnel	\$ 338.7	\$362.9
Capital and Equipment	\$ 167.4	\$139.7
Debt Service	\$ 140.3	\$135.7
Transfers	\$ 250.1	\$186.4
Total Expenditures	\$ 1,224.8	\$1,197.4

City of Minneapolis
2003 Council Adopted Expenditure Budget by Category
\$1,197.4 million (includes interfund transfers)



Financial Drivers for the 2003 Adopted Budget: City Council Funds

➤ Personnel

Total Spending. The 2003 adopted budget includes an increase in total personnel expenditures from \$348.3 million to \$372.9 million, or 7 percent. This increase reflects contracted and projected labor settlement agreements.

General Fund. Salary expenditures for the City's General Fund have increased from \$135.0 million to \$144.2 million, or 7 percent, from 2002 adopted to 2003 adopted. This increase is slightly anomalous because the adopted budget held a placeholder for the \$5.2 million in cuts made by the Council at budget adoption. These cuts were ultimately not all made in personnel.

Health Insurance. Health and dental insurance expenditures are budgeted to increase by 21 percent from 2002 to 2003, from \$25.7 million to \$31.1 million. This change reflects both changes in premium expense and changes in coverage, for example changes between family and single coverage.

➤ Internal Service Fund (*Equipment Services and Information Technology Services*)

The 2003 adopted budget includes an additional \$3.5 million in base funding for internal city services: equipment services and information technology services (i.e., squad cars, fire trucks, and computers). For the several years during the 1990's, due to other external demands, the revenue to support these internal services has not kept pace with the growth in expenditures. Significant negative cash balances have resulted because of annual expenditures exceeding revenues. At year-end 2001, the City's Internal Service Funds had combined negative retained earnings of \$63.9 million, as compared to a negative \$68.5 million the year prior. The City has adopted financial workout plans for these funds, which will eliminate the negative balances over the course of several years.

➤ Debt Service and Debt Reduction Program

The 2003 budget does not include \$900,000, step 5 for the City's debt reduction program. The debt reduction began with the 1999 adopted budget, is a plan to reduce the City's reliance on debt funding on-going public works capital needs. The plan has called for an additional \$900,000 in base funding each year for 10 years in order to position the City for pay-as-you-go for capital expenditures. Since 1999, the City has added \$3.6 million for debt reduction, including the \$900,000 in the 2002 budget. The adopted budget does not include this next step in light of the considerable demands on the property tax in the next ten years (see "Demands on the Property Tax Levy: Ten-Year Projection" discussion in this section.). The City is continuing to pay down its internal debt in its internal service funds (see narratives for the Self-Insurance, ITS and Equipment funds in the financial plan section of this book).

➤ **Infrastructure Investment**

Property Tax Supported –Public Works. The 2003 adopted budget includes \$16.7 million in funding for Public Works capital. From 1999 to 2003, \$7.0 million of base funding was added for the gap closure program. With these funding additions, the City will be on track to fund 27% of the identified Public Works infrastructure gap by 2009¹².

Below is a summary of the 2003-2007 adopted CIP for Public Works infrastructure “gap” closure program.

Adopted 2003-2007 CIP for Public Works (in millions)					
	2003	2004	2005	2006	2007
Base Program	\$14.7	\$14.8	\$15.4	\$14.7	\$15.5
Infrastructure “Gap” Closure Program	\$2.0	\$3.0	\$4.0	\$5.0	\$6.0
Total	\$16.7	\$17.8	\$19.4	\$19.7	\$21.5

Property Tax Supported—Park Board. The budget includes \$2.6 million in funding for Park Board capital. The Mayor and the Council support a future funding plan for the Park Board that closes 27 percent of the previously identified \$5.5 million annual funding gap for park infrastructure by 2009. To achieve this goal \$215,000 of additional property tax levy will be added annually to the Park Board levy, for a total of \$1.5 million in additional annual funding by 2009.

The Mayor and Council support reducing the base property tax revenue for the Park Board by the amounts added in 2001 and 2002 for Park Board capital purposes. In 2001 and 2002, \$1.5 million was added each year to the Park Board base property tax levy, totaling \$3.0 million over this two-year period of time. The Park Board has received the benefit of the additional \$4.5 million collected in property tax levy over this two-year period of time.

Adopted Park Board Capital Improvement Plan:							
<i>(In millions of dollars)</i>	2003	2004	2005	2006	2007	2008	2009
Base Capital Funding ¹³	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9	\$1.9
“Gap” Funding	\$0.2	\$0.4	\$0.6	\$0.9	\$1.1	\$1.3	\$1.5
Total Capital Funding	\$2.1	\$2.3	\$2.5	\$2.8	\$3.0	\$3.2	\$3.4

Utility Fee Supported. The budget includes funding in additional water and sewer related infrastructure expenditures “gap closure” as planned. This investment continues the City’s commitment to closing the infrastructure “gap” for water and sewer services. The water and sewer 5-year utility rate schedule approved as part of the 2003 budget reflected this planned investment.

¹² The 1997 State of the Public Works Infrastructure Report identified a \$44 million property tax supported funding gap for improving and maintaining public works infrastructure. The original plan was to fund 50% of this gap over a 10-year period of time.

¹³ The 2002-2006 adopted CIP includes \$1,920,000 in net debt bond funding for the Park Board.

➤ **Increased Pension Costs**

Increased costs associated with two of the City's pension funds, Minneapolis Employee's Retirement Fund (MERF) and Minneapolis Police Relief Association (MPRA), had a significant impact on the City's 2003 budget.

Minneapolis Employee's Retirement Fund (MERF): While the City and MERF members have been making the annual amount of contributions mandated by the state, MERF members have been retiring at a faster pace and at higher costs than originally forecasted by MERF actuaries.¹⁴ The City issued general obligation (pension) bonds in November of 2002 to cover the estimated cost of retirements in 2003; additional bonds will have to be issued to cover these costs in the future.

Minneapolis Police Relief Association: The increase in the City's contribution for the MPRA is directly related to an increase in the Association's unfunded liability. In the past year, the fund's unfunded liability has more than doubled, due primarily to the negative performance of the equity markets. This has increased the fund's unfunded liability from \$56 million in 2000 to \$115.5 million in 2001¹⁵, an increase of \$59.5 million. The 2003 adopted budget funds the incremental increase in the City's contribution to MPRA through bond proceeds in order to meet the Mayor and City Council's adopted tax policy.

The 2003 adopted budget includes the funds necessary to make the debt service payments associated with these bonds.

➤ **Targeted Reduction/Targeted Revenues**

To balance the General Fund budget, departments developed targeted strategies for cutting costs or targeted revenue increases. The adopted budget includes General Fund reductions of \$5.6 million, a net 2 percent reduction in operating expenditures. In addition to identifying spending reductions, the 2003 budget includes \$0.1 million in additional non-property tax General Fund revenue options to balance the budget, including new license fee proposals and additional reimbursement revenues.

Below is a summary by department of the general fund targeted expenditure reductions, as well as the associated revenue strategies that were adopted by the City Council. The Decision List (in this section of this budget document) contains the strategies as submitted by the departments.

¹⁴ The actuarial assumptions used by MERF are specified by state statute. These actuarial assumptions used have not materialized and as a result have not reflected the actual number and cost of retirements.

¹⁵ The City's municipal contribution is based on the most recent completed actuarial valuation. The City's 2003 contribution is based upon the 2001 actuarial valuation.

Department	Targeted Reductions
Police	\$ (2,100,000)
City Coordinator (Administration, Communications, Finance, HR, ITS)	(1,148,000)
Public Works	(698,000)
Fire	(582,000)
Licenses/Inspections	(180,000)
Planning	(128,000)
Health and Family Support	(110,000)
Civil Rights	(100,000)
Other/Transfers	(560,700)
Total	\$ (5,606,700)

Revenue Changes	Revenue Increase
Licenses and Consumer Services - increased fees	\$ 107,900
GRAND TOTAL	\$ 5,714,600

➤ **Supplemental Funding**

In addition, the 2003 budget includes \$1.2 million to fund new initiatives in Inspections and Police Departments, offset entirely by new revenue. Included in the budget for Inspections is \$300,000 for graffiti education, enforcement and removal services. The Police Department budget includes \$875,000 to respond to traffic enforcement concerns throughout the City.

Property Tax and Fee Changes for the 2003 Adopted Budget

➤ Property Tax Revenue

The 2003 adopted budget includes an \$11.8 million increase in property tax revenue, from \$154 million certified in 2002¹⁶ to \$165.7 million in 2003. The City's property tax rate increased approximately 5.3 percent, from 62.23 percent to an estimated 66.58 percent.

Property Tax Calculation (in millions of dollars)				
	2002 Adopted*		2003 Adopted*	
	Amount	% Change	Amount	% Change
Property Tax Revenue:				
Gross Levy	\$147.9	(9.7%)	\$165.7	7.6%
Net Levy	\$147.9	11.0%	\$165.7	7.6%
Less Fiscal Disparities Distribution	\$25.0	23.0%	\$22.0	(13.4%)
Net Spread Levy	\$122.9	8.9%	\$143.7	11.8%
Tax Base:				
Gross Tax Capacity	\$282.0	(22.3%)	\$296.5	5.1%
Less Fiscal Disparities Contribution	\$30.8	(34.3%)	\$34.0	10.4%
Less Tax Increment	\$43.0	(21.5%)	\$46.8	8.8%
Net Tax Capacity	\$208.2	(20.3%)	\$215.8	3.6%
Tax Capacity Rate	0.5904	36.6%	0.6658	7.9%

*Notes: Percent changes based on actual numbers, not the rounded figures shown in the table above. The net levy is before adjustments for anticipated delinquent taxes, which is estimated at 98 percent for budget purposes. 2002 adopted gross levy amount includes \$4 million in an HRA levy. The tax information listed under the 2002 Adopted column does not include the \$3.5 million MPRA pension levy. Included in the 2003 adopted gross levy includes approximately \$520,000 in an economic development tax abatement, \$4 million in an HRA levy, \$1.040 million in an MHPA levy and \$2.250 million in a Teachers' Retirement Fund (pension) levy. Not included in the 2003 adopted gross levy is the projected Minneapolis Public Library referendum revenue of \$450,000. This referendum will be spread on market value, not tax capacity.

➤ Utility Fees

To fund investments for the City's sewer, flood mitigation, storm water management, and water treatment and distribution systems, the 2003 adopted budget combines an increase in utility rates of \$0.22 for water and \$0.13 for storm water/sewer/flood mitigation (SWSFM). This represents an 11.1 percent increase for water and a 4.1 percent increase for SWSFM.

¹⁶ This is the total amount of property tax governed by the City's Board of Estimate and Taxation. This figure includes the \$4 million HRA/Chapter 595 levy, Minneapolis Teacher's Retirement, Minneapolis Public Housing Authority, Minneapolis Police Relief Association and an economic development tax abatement.

➤ **Solid Waste and Recycling Fee**

The 2003 adopted budget includes a 75-cent increase in the per dwelling unit monthly rate. This rate increase will allow the City to fully cover the cost of providing solid waste services, including capital equipment replacement requirements. This rate increase was anticipated in the previously adopted rate schedule for the Solid Waste and Recycling Fund.

Property Market Values and Tax Base Highlights

Following is a chart from the City Assessor’s Office with estimated market values and corresponding tax capacity by group. As the data shows, the City’s tax capacity was greatly impacted by the 2001 legislative session and the resulting property tax reform.

For Taxes Collected in 2003 ¹⁷

Group	2003 Estimated Market Value	% Total	% Change	Tax Capacity	% Total	% Change
Commercial	\$4,985,935,400	19.2%	(2.0%)	\$95,783,720	33.2%	(2.2%)
Industrial	\$1,314,199,500	5.1%	14.5%	\$25,548,376	8.9%	14.9%
Residential	\$16,664,347,900	65.3%	15.4%	\$129,895,792	45.0%	10.6%
Apartment	\$2,633,849,100	10.3%	16.4%	\$36,973,301	12.8%	(0.3%)
Other	\$17,216,600	0.1%	22.3%	\$225,921	0.1%	9.5%
Total	\$25,525,548,500	100.0%	11.6%	\$288,427,110	100.0%	4.9%

The data above does not include personal property, which is estimated to be approximately \$6,834,000 for 2003. With personal property included, tax capacity is estimated to increase by approximately 5.2 percent, before deductions for tax increment finance and fiscal disparities.

The following table of data provides the change in tax increment financing and fiscal disparities contribution and distribution for taxes payable 2003.

For Taxes Payable 2003 ¹⁷

Gross Tax Capacity	\$288,427,000
+ Plus Personal Property	\$6,834,000
- Less Tax Increment Financing	(\$46,760,000)
- Less Fiscal Disparities Contribution	(\$33,999,000)
+ Plus Fiscal Disparities Distribution	\$35,677,000
Net Tax Capacity	\$250,179,000

For purposes of calculating the property tax rate, the Fiscal Disparities Distribution is not included. Instead, the revenue distributed to the City from Fiscal Disparities is

¹⁷ This information was the most current information provided by the City Assessor’s Office and Hennepin County as of January 13th, 2002.

spread across the adjusted net tax base. The net tax base used to calculate the City's tax rate for the adopted budget is \$215.8 million, a 3.6 percent increase from 2002 adopted to 2003 adopted.

Property Values and Tax Trends (*provided by the City Assessor's Office*)

The 2001 tax bill enacted by the state legislature, made comprehensive changes to the property tax laws. The way the state property tax system is set up, if the State reduces the level of property tax for one property type through changes in the classification system, the taxes shift to other property types. The same principle applies if market values change for one property type but not another.

Different property uses pay tax at a different rate as a result of the State's property tax classification system. The taxes are a function of the market value taken times the statutory class rate times the tax rate. The 2001 legislature made changes to the property tax classification rates that reduced the rates for commercial/industrial property, apartments and high valued homes.

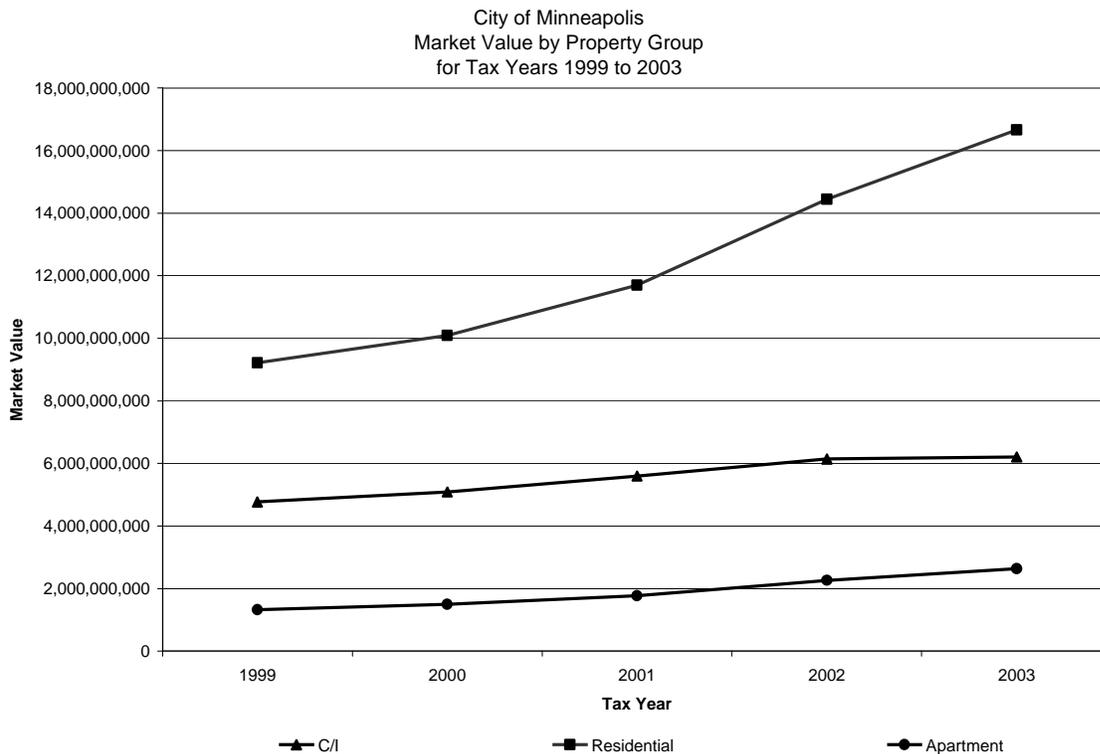
In 2001, the State Legislature enacted a statewide property tax on commercial, industrial and seasonal-residential recreational properties. The State of Minnesota now receives 28.2 percent of the property taxes paid on those property types. Until recent property tax reform, property taxes were collected and distributed exclusively at the local level.

Minneapolis has historically had a strong commercial and industrial tax base. For taxes payable in 1996, Minneapolis commercial and industrial property paid 54.7% of the total taxes for the city with the central business district alone paying almost 40%. After property tax reform, for taxes payable in 2003 this declined to 41.5% of the city total with the central business district paying approximately 30%. The commercial/industrial share of the City's taxes is projected to continue to decrease to 34.1% in payable 2010. Corresponding percentages for residential property (defined as 1-3 dwelling units) show that this class paid 33.6% of the city's taxes in 1986, increasing to 43.7% for payable 2003 and projected to be 56.3% in payable 2010. This represents almost a complete reversal in the share of the City's tax burden between the two property types.

The changes in distribution of tax base are a function of both market conditions and changing class rates. Residential property has increased in value at a higher rate than other property types in the past several years. The residential tax base grew 16.0% in 2000, 23.4% in 2001 and 15.2% in 2002. Similar increases in residential taxes have been avoided because of the *limited market value* law. The 2001 legislature phased out limited market value over a six-year period, with the final phase out in payable 2007. Minneapolis has a differential of over \$3 billion between total residential market value and limited market value. As the limited market value is phased out, even if the real estate market remains flat, this action will cause a significant shift in tax burden to residential property. If the market continues to be stronger for residential than other property types it will compound the property tax shift.

Commercial real estate values are traditionally cyclical with periods of high vacancy resulting in lower rents and values while periods of low vacancy result in high rents and high values. The Minneapolis central business district is in a period of high vacancy and the market value (and hence the tax) on downtown office buildings has recently declined. This reduction of tax paid by these properties at the city level is compounded by 28% of the tax being directed to the State of Minnesota rather than staying at the local level as a result of the 2001 Property Tax Reform. This state tax is used to increase the level of funding that the state provides to local school districts.

The market for Minneapolis commercial properties located in neighborhood commercial nodes or along the city’s commercial corridors has been extremely strong over the past several years. However, their increased values cannot offset the enormous impact of a decline in value for over 25 million square feet of office space in the central business district.



Source: City of Minneapolis Assessor’s Office

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund		Non-General Fund	
			Proposed by Department (if applicable)	Adopted	Proposed by Department (if applicable)	Adopted
			General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)
Citywide						
1	Eliminate transfer to Capital Improvement Plan	General Fund		(538,000)		(538,000)
2	Increase transfer from general fund to self-insurance fund to undo the City Attorney's target strategy related to the MCDA legal services	General Fund		186,000		
Citywide Total				(352,000)		(538,000)
City Assessor						
3	Eliminate 1.0 Assessor II position	General Fund	(60,694)			
4	Delay filling vacant positions and use more budgetary leave of absence	General Fund	(45,000)			
City Assessor Total			(105,694)			
City Attorney						
5	Renegotiate Office Lease (Fund 6900). The Council directed that this renegotiation occur with any savings reallocated back to the department.	Self-Insurance Fund, reduced payment from the General Fund	(86,443)			
6	Provide In-House Legal Services to MCDA (Fund 6900 & Fund 3400)	Self-Insurance Fund, reduced payment from the General Fund	(186,000)		232,803	
7	Charge Library Board for Legal Services (Fund 6900).	Self-Insurance Fund, reduced payment from the General Fund	(18,500)		18,500	
City Attorney Total			(290,943)		251,303	
City Coordinator Departments:						
Convention Center						
8	Technical Adjustment to mayor's recommendation: Increase the Convention Center operating budget by \$500,000 to fund the Convention Center Event Security Services and Emergency Medical Services activities and to increase the operating revenue budget by \$560,000, as the RFP for these activities was previously approved by the City Council.	Conventions Center related fund			500,000	560,000
Convention Center Total					500,000	560,000

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund		Non-General Fund	
			Proposed by Department (if applicable)	Adopted	Proposed by Department (if applicable)	Adopted
			General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)
Communications						
9	Electronic publication for State of the City, reduce hard copy publication costs, in-source design to Communications (see line 48 for the savings)	General Fund		10,000		
10	Cut the Home Tour and Minneapolis Awards from the Communications Department (\$22,000)	General Fund		(22,000)		
11	Eliminate Minneapolis Home Tour; In-source City Calendar design work with the Planning Department; Eliminate Minneapolis Awards	General Fund	(30,242)			
Communications Total			(30,242)	(12,000)		
Community Planning and Economic Development (CPED)						
12	Add appropriation for an interim CPED office to support the interim director and project manager's salaries and related expenses, funded by reallocation of MCDA resources.	General Fund	250,000	250,000		(250,000)
13	Staff reductions at the Minneapolis Community Development Agency (MCDA) eliminated eight positions through attrition.	MCDA	(360,000)			(360,000)
14	Housing Redevelopment Authority (Chapter 595) property tax levy. The City Council reduced this levy from \$4.16 million recommended by the Mayor.	MCDA			4,160,000	4,000,000
CPED Total			(110,000)	250,000	4,160,000	(610,000)
Coordinator Administration						
15	Contract professional services reduction	General Fund	(20,000)	(20,000)		
Coordinator Administration Total			(20,000)	(20,000)		
Finance						
16	Contract professional services reduction	General Fund	(58,430)	(58,000)		
17	Deferred recruitment	General Fund	(58,430)	(58,000)		
18	Elimination of 2.0 FTE's	General Fund	(130,000)			
Finance Total			(246,860)	(116,000)		
Inspections						
19	An additional \$500,000 permit fee revenue is built into the base budget, based upon a Cost of Living Adjustment (COLA) of 4% Unpermitted Work - 10% reduction in gap between inspections performed and inspections requested	General Fund	299,000	299,000	300,000	300,000

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund			Non-General Fund				
			Proposed by Department (if applicable)		Adopted		Proposed by Department (if applicable)		Adopted	
			General Fund Expense	Revenue	General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)	Expense (other than general fund)	Revenue (other than general fund)
20	Technical Adjustment to Mayor's recommendation: Increase expense and revenue for inspections by \$75,000 to fund board-ups for the police department (existing program omitted from the Mayor's recommended budget).	General Fund			75,000	75,000				
21	Graffiti Eradication through education, enforcement, and removal services - including \$150,000 in one-time Information Technology costs. The council removed this program as a technical adjustment to the Mayor's recommended budget.	General Fund	530,000	530,000						
Inspections Total			829,000	830,000	374,000	375,000				
Licenses and Consumer Services										
22	Children's Environmental Health - Lead Hazard Fees - fee removed by Council; cut added to the program.	General Fund		180,000	(180,000)					
23	Food Safety Institutional License Fee for daycares, private and public schools with food services. Fees are based on risk and square footage.	General Fund		29,900		29,900				
24	Annual License Fee Cost of Living Adjustment.	General Fund		78,000		78,000				
Licenses and Consumer Services Total				287,900	(180,000)	107,900				
Human Resources										
25	Reduction/elimination of merit pay, under-utilized educational/training programs, contract professional services reduction. Department was directed by the City Council to continue the Upward Mobility program without a restoration of this cut.	General Fund	(35,000)		(35,000)					
26	Health Care Savings Program	General Fund		166,574						
27	FICA savings Citywide	General Fund	(900,000)		(900,000)			900,000		900,000
Human Resources Total			(935,000)	166,574	(935,000)	900,000		900,000		900,000
Information Technology Services Operations										
28	Cuts to GIS and Media/Telecomm (no cuts to MTN)	General Fund	(80,000)		(80,000)					
Information Technology Services Total			(80,000)		(80,000)					

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund			Non-General Fund		
			Proposed by Department (if applicable)		Proposed by Department (if applicable)		Proposed by Department (if applicable)	
			General Fund Expense	Revenue	General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)
29	Information Technology Services Capital Infrastructure investment in current City systems. An additional \$3.78 million is allocated to this purpose, pending state budget deliberations on Local Government Aid. This \$3.78 million is not yet appropriated and available for expenditure.	Permanent Improvement Fund					1,000,000	
	Information Technology Services Capital Total						1,000,000	
30	Intergovernmental Relations/Grants and Special Projects Personnel savings by underfilling existing Program Assistant position	General Fund	(10,500)					
31	Reduce, re-negotiate state lobby contracts	General Fund	(4,000)					
32	4% option would include additional reduction of contractual lobbying	General Fund	(14,924)					
	Intergovernmental Relations/Grants and Special Projects Total		(29,424)					
	CITY COORDINATOR GROUP TOTAL		(622,526)	1,534,474	(694,000)	732,900	900,000	4,160,000
	City Clerk							
33	Eliminate Municipal Information Library	General Fund	(78,134)					
34	Defier Purchase of Equipment	General Fund	(24,378)					
35	Budgetary Leaves of Absence including Holiday Closures	General Fund	(22,700)		(22,700)			
	City Clerk Total		(125,212)		(22,700)			
	Civil Rights							
36	Reduce vacant Contract Compliance position to half-time (0.50)	General Fund	(50,000)		(50,000)			
37	Use in-house resources for publications	General Fund	(50,000)		(50,000)			
38	Enhance the capabilities of the Civil Rights Department by bringing 2 FTE's (\$211,000) related to the New Arrivals program and the Native American Advocate into the department (from the Health and Family Support Department). This will strengthen community outreach. The Council did not agree to this change.	General Fund						
39	Move Civilian Review Authority to Civil Rights, enhance CRA investigation capacity - add a Managing Attorney and funding for contract investigation. Reinstatement of the CRA.	General Fund			325,000			
	Civil Rights Total		(100,000)		225,000			
	Adopted							
	Expense (other than general fund)							1,790,000
	Revenue (other than general fund)							4,560,000

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund			Non-General Fund		
			Proposed by Department (if applicable)	Adopted	Proposed by Department (if applicable)	Adopted		
			General Fund Expense	Revenue	General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)
Civilian Review Authority								
40	Move Civilian Review Authority to Civil Rights	General Fund			(200,000)			
	Civilian Review Authority Total				(200,000)			
Fire								
41	Using Quints equipment to deliver the same level of service	General Fund	(582,000)		(582,000)			
	Fire Total		(582,000)		(582,000)			
Health and Family Support								
42	Reduce funding for the research division, seek grant funding. Reduce the following contracts with Non-Profits (4% cut):	General Fund	(22,000)		(22,000)			
43	Shift services of Achieve Minneapolis (Youth Trust) to New Families Center	General Fund	(10,000)					
44	Domestic Abuse Project	General Fund	(2,000)		(2,000)			
45	Clinic Enhancements	General Fund	(15,000)		(15,000)			
46	348-TOTIS	General Fund	(13,000)		(13,000)			
47	MN Visiting Nurse Agency	General Fund	(28,000)		(28,000)			
48	Way to Grow	General Fund	(22,000)		(22,000)			
49	Neighborhood Health Care	General Fund	(8,000)		(8,000)			
50	Enhance the capabilities of the Civil Rights Department by bringing 2 FTE's (\$211,000) related to the New Arrivals program and the Native American Advocate into the department. This will strengthen community outreach. The Council did not agree to this change. Reduce the public service grants funded by CDBG by 6% (\$167,000) (related to reversing the City Attorney's target strategy related to MCDA legal services).	General Fund					(167,000)	
	Health & Family Support Total		(120,000)		(110,000)			(167,000)
Planning								
51	Eliminate 0.5 FTE City Planner III	General Fund	(41,324)		(41,000)			
52	Electronic publication for State of the City, reduce hard copy publication costs, in-source design to Communications (see line 8 for the remaining funding)	General Fund			(38,000)			
53	Eliminate 1.0 FTE Community Crime Prevention Coordinator (vacant)	General Fund	(58,778)		(69,000)			
54	Reduce planning in the general fund, increase planning in CDBG (related to reversing City Attorney target strategy related to MCDA legal services)	General Fund/CDBG			(167,000)			167,000
	Planning Total		(100,102)		(305,000)			167,000

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund			Non-General Fund					
			Proposed by Department (if applicable)	Adopted	Proposed by Department (if applicable)	Adopted	Revenue (other than general fund)	Expense (other than general fund)	Revenue (other than general fund)	Expense (other than general fund)	
			General Fund Expense	General Fund Revenue	General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)	Expense (other than general fund)	Revenue (other than general fund)	Expense (other than general fund)
Police											
55	Normal personnel attrition/turnover savings	General Fund	(1,358,389)		(1,358,000)						
56	Reduce administrative spending (cell phones, rent, parking, fleet, etc.)	General Fund	(742,233)		(742,000)						
57	Traffic Enforcement Enhancement Initiative - to reduce accident rates across the City. Specific outcomes to be defined through Public Safety and Regulatory Services committees process.	General Fund	874,377	874,377	874,377	874,377					
Police Total			(1,226,245)	874,377	(1,225,623)	874,377					
Public Works											
58	Close Snelling Office (one filled position)	General Fund	(130,700)		(131,000)						
59	Modify maintenance schedule - mowing cycle times would increase	General Fund	(424,350)								
60	Move Winter Street Sweeping to Sewer Fund	General Fund/ Sewer Fund	(275,500)		(276,000)		276,000		276,000		
61	Eliminate Stock Worker at Bridge (filled position)	General Fund	(55,094)		(55,000)						
62	Eliminate Shop Worker (filled position)	General Fund	(53,794)		(54,000)						
63	Discontinue Administration Vehicle	General Fund	(8,000)		(8,000)						
64	Reallocation of traffic sign installation activities to different crews (two filled positions)	General Fund	(101,006)		(101,000)						
65	Pedestrian LED conversion funding change	General Fund	(33,000)		(33,000)						
66	Elimination of vacant Clerk Typist position	General Fund	(39,922)		(40,000)						
67	Add 3rd Shift and reduce overtime in maintenance shop	Equipment Fund					(200,000)		(200,000)		
68	Eliminate vacant supervisor	Equipment Fund					(90,048)		(90,000)		
69	Discontinue 4 division vehicles	Property Services					(24,000)		(24,000)		
70	Reduce the amount of seasonal hours in Water Distribution	Water Fund					(100,000)		(100,000)		
Public Works Total General Fund			(1,121,366)		(698,000)		(138,048)		(138,000)		
Public Works Equipment											
71	Discontinue Pool Cars in the Haaf Ramp	Equipment					(10,800)		(10,800)		
PW Equipment Subtotal							(10,800)		(10,800)		
Public Works Property Services											
72	Increase one janitor position for police precincts (would increase general fund expense for rental rate increase)	Property Services					57,346				
73	Fund a graffiti removal program for public properties	CDBG								107,000	
74	Create a Security Coordinator position	Property Services					85,000				
PW Property Services Subtotal							142,346		107,000		

City of Minneapolis
2003 Decision List

Department	Description of Proposal	Fund Name	General Fund			Non-General Fund						
			Proposed by Department (if applicable)		Proposed by Department (if applicable)		Proposed by Department (if applicable)					
			General Fund Expense	Revenue	General Fund Expense	Revenue	Expense (other than general fund)	Revenue (other than general fund)	Expense (other than general fund)	Revenue (other than general fund)		
Public Works Sewer Rental												
75 Sewer Maintenance/Field Services	Reduce holding pond maintenance	Sewer					(83,536)				(84,000)	
76 Sewer Maintenance	Implementation and study costs for a Storm Water Utility.	Sewer					500,000				500,000	
77 Sewer Maintenance	Combined Sewer Overflow (CSO) program.	Sewer					536,828				537,000	
	PW Sewer Rental Subtotal						953,292				953,000	
Public Works Water												
78 Water Distribution	Water security personnel (10 FTE Water, 12 FTE MPPD) Recommendation does not include Minneapolis Police Department FTE's.	Water					1,544,000				500,000	
	PW Water Subtotal						1,544,000				500,000	
Public Works Parking												
79 Transportation & Parking Services	Ramp Security system consolidation of three ramps to central facility (\$165,000 annual savings once accomplished)	Parking					350,000				350,000	
80 Transportation & Parking Services	Authorize additional staffing for impound lot (5 FTE's), or reduce current hours of operation to 16 hours per day (two shifts, 8:00am to midnight) so that operation can be staffed at current authorized full time employee levels. The Council agreed to a change which adds hours back to the impound Lot Service level adding \$119,000 (including adding 1 supervisor and 1.5 vehicle record aides) offsetting that by going to 17 hours of daily operations and adding \$3 to the impound charge effective April 1st, 2003 (adding new revenue totaling \$119,000).	Parking					229,028				119,000	
	PW Parking Subtotal						579,028				469,000	
Public Works Solid Waste												
81 Solid Waste & Recycling	Consolidate 2 routes (4 filled positions)	Solid Waste Fund					(280,000)				(280,000)	
	PW Solid Waste Subtotal						(280,000)				(280,000)	
Public Works Total							(1,121,366)				1,600,200	
GRAND TOTAL							(4,394,088)	2,408,851	1,607,277	4,411,308	3,390,200	4,141,000

**City of Minneapolis
FY 2003 Budget
Financial Overview**

Demands on the Property Tax Levy: Ten-Year Projection

Background

The financial pressure the City faces over the next several years is considerable. To respond to the pressure, elected leaders have stepped up work on comprehensive long-term financial planning. One of the major parts of this effort concentrates on the City Council and independent boards jointly reviewing all the demands on the property tax versus independently making property tax decisions. This joint decision-making occurs at the Board of Estimate and Taxation, which sets the maximum property tax levies for the City Council, and the Park and Library Boards. The decisions made by the Board of Estimate and Taxation are important because the property tax is a major revenue source for general city services, including parks and libraries. Other revenues for general city services are either set by another government entity, such as the state or federal government (i.e., Local Government Aid, Community Development Block Grant) or are restricted in how they can be spent (i.e., sales taxes).

During the first six-months of year 2003, the Mayor and City Council reviewed and discussed the long-term pressures on the property tax. The Mayor and Council discussions resulted in the adoption of a budget resolution to limit the growth in the levy. The next step in the financial planning process will be to develop a long-term financial plan that fits within the parameters of the newly adopted tax policy. The ten-year projection that the City Finance Department has developed – which is basically a listing of the known demands on the property tax levy – needs to be converted to a ten-year financial plan that sets how property tax levy will be allocated to the funds under the City Council's control. The Mayor and Council will need to make choices within the now defined level of maximum annual property tax revenue.

Budget Resolution to Limit Levy Increases Approved

The City Council passed a budget resolution on July 12, 2002 to limit the increase in property taxes. Because of previous city debt and legislative changes that shifted property tax burdens from commercial to residential property as well as other financial obligations, there will be considerable pressure on the property tax for the foreseeable future.

The resolution limits the City's levy increase to 8 percent annually through 2010. Approximately 4 percent of that will go to pay off debt obligations, both internal and external, and 4 percent for cost-of-living adjustments (inflation). The Board of Estimate and Taxation approved a similar policy statement limiting the levy increase to 8 percent on July 24, 2002.

Projected Future Pressures on the Property Tax Levy

The report that follows, "Details of Annual Demand (Increases) in Property Tax Revenue", provides a detailed summary of the major pressures on the property tax, both past and future, for the City. The information in the report presents the annual incremental increases in property tax levy needed to support current service levels as well as past and future debt obligations (i.e., library referendum). The report includes information on the City's general levies as well as independent boards and special levies. (The assumptions that went into the development of this report can be obtained by contacting the City of Minneapolis Finance Department at www.ci.minneapolis.mn.us).

The future projected demands on the property tax include the anticipated reductions or targeted strategies that the Mayor and Council will need to implement (based on projections) to manage the City's General Fund budget within the adopted tax policy. The new policy requires the Park and Library Boards to implement budget plans that will allow for them to stay within a maximum 4 percent annual growth in property tax levy. Therefore, they will likely have to implement target strategies similar to what is shown for the City Council's General Fund on the report (on the next page).

For the past few years, the City has made policy choices to fund park and library expenditures at a greater level in order to improve these services. Since 1994, property taxes and state aids have grown by 60% for the park board, and by 42% for the library board. (This does not count the voter approved Library referendum, which will start to show up on property tax payments in 2003.) The growth in the same set of resources - property tax and state aids - for general city services has been about 35%. What this means is that the City, like the Park and Library Boards, has had and will continue to find efficiencies and reductions in its budget in order to meet the normal costs of doing business (inflationary increases on wages, health insurance, and utilities). However, finding major cost reductions from efficiency gains in the major services areas funded by the property tax - police, fire and public works - is getting more and more difficult and as a result future funding cuts to these areas will have an impact on service delivery.

In order to continue to fund all that the City does and pay off its debts (both internal and external), it is estimated that the property tax revenues collected by the City would have to triple by 2010. (This increase does not include revenue to do new things - these amounts reflect current commitments for current programs only). This level of increase is not an option. The City's policy-makers are working to make important decisions to balance the priorities of infrastructure investments, parks and recreation, public safety and library services.

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

	Adopted			2003	Future Projected Demands on the Property Tax						
	2000	2001	2002		2004	2005	2006	2007	2008	2009	2010
(In millions of dollars)											
City General Fund Operations:											
Net Base Increase (Current Service Level)	9.00	7.80	7.53	8.54	9.95	10.39	10.86	11.34	11.84	12.36	12.90
Decision Packages - New Programs/Initiatives	2.65	0.32	2.50	2.44	2.83	3.28	3.80	4.41	5.11	5.93	6.88
Health Insurance (in addition to base increase)		1.60	2.10	0.40	0.80	0.80	0.80	0.80	0.80	0.80	
Infrastructure Maintenance Gap Closure Program			0.55								
PERA Employer Contribution (change in formula)			0.40								
<i>Internal Service Funds</i>	2.00	2.00	3.20	3.70	3.70	3.70	1.70	1.70	1.70	0.50	0.50
Local Govt Aid/HACA - Chg in Distribution			(8.40)	1.00							
Tax Abatement			0.50								
General Fund Contingency			0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Targeted Strategies Needed to Balance Budget	(9.31)	(6.74)	(13.87)	(5.83)	(13.53)	(14.01)	(12.66)	(12.96)	(7.76)	(6.01)	(4.00)
Subtotal	4.33	4.98	(5.19)	10.55	4.05	4.47	4.80	5.59	11.99	13.88	16.58
City Capital/Debt:											
Infrastructure Capital Gap Closure Program began in 1999	2.00		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Permanent Improvement Fund			(0.02)	0.19	0.20	0.21	0.42	0.44	0.46	0.48	0.50
Ten Year Debt Reduction Program began in 1999	0.90	0.90	0.90	0.50							
<i>Public Safety Initiative began in 2001</i>		0.50	0.50	0.50							
Local Govt Aid/HACA - Chg in Distribution			3.40								
Judgment Bonds		1.10									
Subtotal	2.90	2.50	5.78	1.69	1.20	1.21	1.42	1.44	1.46	1.48	0.50
City Total	7.23	7.48	0.59	12.24	5.25	5.68	6.22	7.03	13.45	15.36	17.08
Independent Boards and Special Levies											
Park Board Base Levy (4.0% growth factor beg. in 2003)	1.57	1.54	1.88	1.66	1.73	1.80	1.87	1.94	2.02	2.10	2.18
Park Board - Local Govt Aid/HACA - Chg in Distribution			1.41	(1.00)							
Park Board Operating (Referendum Agreement)		1.13	1.20								
Park Board Capital (Referendum Agreement)		1.50	2.50	(3.00)							
Subtotal Park Board	1.57	4.17	6.99	(2.34)	1.73	1.80	1.87	1.94	2.02	2.10	2.18
Library Board Base Levy (4.0% growth factor)	0.65	0.63	2.03	(0.61)	0.73	0.76	0.79	0.82	0.85	0.89	0.92
Library Board - Local Govt Aid/HACA - Chg in Distribution			(0.55)								
<i>Library Board - Referendum Levy</i>				0.45	3.00	3.00	3.00	3.00			
Subtotal Library	0.65	0.63	1.48	(0.16)	3.73	3.76	3.79	3.82	0.85	0.89	0.92
Municipal Bldg Commission (4% growth factor)	0.05	0.13	0.76	0.23	0.24	0.25	0.26	0.27	0.28	0.29	0.30
Community Development - Chapter 595 Special Levy			4.00	0.16	0.17	0.17	0.18	0.19	0.19	0.20	0.21
Minneapolis Public Housing Authority - Special Levy				0.04	0.04	0.04	0.04	0.05	0.05	0.05	0.05
<i>Teachers Retirement Assoc. - Special Levy</i>	0.15	0.15	0.15	0.15							
<i>Pension Funds MERF, Police, and Fire (debt service beg in 2003)</i>	(1.45)	(2.13)	3.86	2.00	2.20	2.70	3.20	3.50	1.30	0.70	0.40
Total Independent Boards and Special Levies	0.97	2.95	17.24	0.08	8.10	8.72	9.34	9.76	4.69	4.23	4.07
Total Annual Increase in Property Tax Revenue											
	8.20	10.44	17.83	12.32	13.35	14.40	15.55	16.79	18.14	19.59	21.15
Total Property Tax Revenue	125.72	136.16	153.99	166.31	179.66	194.06	209.61	226.40	244.54	264.13	285.28
Annual Percent Increase	7.1%	8.3%	13.1%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

**2003 City Council Adopted Budget
Estimated Tax Rates and Levies**

NET TAX CAPACITY BASED (NTC)

City Funds	2001		2002		2003 Council Adopted	
	Tax Rate (%)	Total Tax Levy	Tax Rate (%)	Total Tax Levy	Tax Rate (%)	Total Tax Levy
General ¹	19.653	\$ 77,692,084	23.437	\$ 58,285,520	27.58	\$ 68,658,521
Police Personnel Expansion	1.278	5,016,000	-	-	-	-
Estimate and Taxation	0.037	151,000	0.050	124,000	0.06	145,553
Building Commission	0.815	3,158,026	1.317	3,272,966	1.41	3,502,966
Permanent Improvement	0.806	2,964,000	1.025	2,547,240	1.10	2,737,240
Bond Redemption	7.094	24,829,000	11.484	28,560,040	12.85	31,982,883
Firefighter's Relief Association	0.067	311,000	-	-	-	-
Police Relief Association	-	-	1.192	2,962,300	1.19	2,962,300
Minneapolis Employees Retirement Fund	1.066	\$ 4,301,000	1.790	\$ 4,451,000	1.60	\$ 3,990,564
Total City Other	30.816	\$ 118,422,110	40.295	\$ 100,203,066	45.79	\$ 113,980,027
Lake Pollution Control	0.121	\$ 439,800	0.161	\$ 399,000	0.15	\$ 375,725
Park and Recreation	7.361	26,770,375	11.795	29,333,759	11.23	27,945,293
Tree Preservation and Ref.	0.783	2,846,363	1.038	2,580,000	0.97	2,420,977
Shade Tree Disease Control	0.754	\$ 2,741,405	0.999	\$ 2,484,000	0.94	\$ 2,332,764
Sub-Total Park Board	9.019	\$ 32,797,943	13.993	\$ 34,796,759	13.29	\$ 33,074,759
Library Board ⁴	3.365	\$ 12,514,165	4.766	\$ 11,852,485	4.57	\$ 11,360,485
Sub-Total City Funds	43.20	\$ 163,734,218	59.054	\$ 146,852,310	63.65	\$ 158,415,271
City-Related Special Levies						
Chapter 595/HRA Levy ⁵	-	\$ -	1.94	\$ 4,000,000	1.61	\$ 4,000,000
Teachers' Retirement	0.63	1,950,000	0.84	2,100,000	0.90	2,250,000
Public Housing	0.32	1,000,000	0.40	1,000,000	0.42	1,040,000
Watershed Districts ³	1.36	\$ 4,421,233	2.71	\$ 2,777,432	2.02	\$ 2,535,422
Sub-Total City-Related Specials	2.31	\$ 7,371,233	5.88	\$ 9,877,432	4.95	\$ 9,825,422
Other Special Levies						
Minneapolis Public Schools	51.94	\$ 162,615,100	32.96	\$ 79,247,352	33.44	\$ 84,395,623
Hennepin County ³	33.64	114,408,600	44.75	113,177,467	45.07	113,078,056
Other Special Taxing Districts ²	2.30	\$ 23,278,169	4.77	\$ 10,826,407	5.10	\$ 12,012,539
Sub-Total Other Specials	87.87	\$ 300,301,869	82.48	\$ 203,251,226	83.60	\$ 209,486,218
TOTAL NTC BASED	133.39	\$ 471,407,320	147.41	\$ 359,980,968	152.20	\$ 377,726,910

REFERENDUM MARKET VALUE BASED (RMV)

	2001		2002		2003	
	Tax Rate	Total Tax Levy	Tax Rate	Total Tax Levy	Tax Rate	Total Tax Levy
Minneapolis Public Library Referendum ³	-	-	-	-	0.00205	\$ 450,000
Minneapolis Public Schools Referendum ³	0.15077	\$ 32,419,500	0.07906	\$ 18,389,919	0.07675	19,647,416
Solid Waste Fee ^{3,6}	0.01857	13,500,000	0.01906	3,838,951	0.01896	4,176,099
	0.16934	\$ 45,919,500	0.09812	\$ 22,228,870	0.09776	\$ 24,273,515
TOTAL RMV BASED	0.16934	\$ 45,919,500	0.09812	\$ 22,228,870	0.09776	\$ 24,273,515

Notes:

¹ This amount includes the Economic Development/Tax Abatement Levy for both 2002 and 2003.

² Other special taxing jurisdictions include: Metro Mosquito Control, Metropolitan Council, Metro Transit, Park Museum, & Hennepin County Regional Railroad Authority.

³ The certified levy amounts and rates are 2003 proposed amounts. The watershed information is the average of watersheds 3 & 6.

⁴ This does not include the Library Board 2003 referendum. That amount is listed under "Referendum Market Value Based."

⁵ The 2003 Chapter 595 levy rate is the rate associated with the TNT maximum.

⁶ The 2001 Solid Waste Fee is the county-wide amount; the 2002 and 2003 Solid Waste Fee amounts are the portions associated with Minneapolis only.

Summary of Property Tax and Major Fee Increases

Property Taxes:

Property Value	City Property Taxes		Annual Increase	% Chg
	2002	2003		
\$155,500	\$394	\$472	\$78	19.8%
\$250,000	\$1,014	\$1,155	\$141	13.9%
\$510,000	\$2,541	\$2,803	\$262	10.3%

Note: The figures above factor in the impact of the phase out of limited market value. In addition, the figures are net of market value credits and therefore are impacted by changes in the credit from 2002 to 2003. The figures include only taxes under the Board of Estimate and Taxation's control and therefore do not include School, County, or other special taxing jurisdictions.

Utilities for Average Volume Consumer:

	Annual Charges		Annual Increase	% Chg
	2002	2003		
Water	\$191	\$212	\$21	11.1%
Storm Water, Sewer, Flood Mitigation	\$303	\$316	\$12	4.1%
Solid Waste and Recycling	\$222	\$231	\$9	4.1%
Total	\$716	\$758	\$42	5.9%

Note: Rate increases for Water and Storm Water, Sewer, Flood Mitigation reflect the additional revenue needed to fund major capital projects such as the water ultrafiltration system and the flood mitigation and combined sewer overflow programs, as well as other major initiatives approved in these services areas. The increase for Solid Waste and Recycling reflects a monthly 75-cents per dwelling unit increase, as programmed to fund this service area.

Other Fee Increases:

- Business licensing fees** Licensing fees will be increased by 2-percent across the board, from 2002 to 2003 budget. This proposed inflationary adjustment was approved by the City Council on August 9.
- Inspections permit fees** Value based and unit based permit fee increases will be tied to the annual increase in the cost of construction, which is assumed to be 4 percent for 2003 budget.