

**City of Minneapolis
2014 Budget
Financial Plan**

Community and Economic Development Funds

Background

Community and Economic Development Funds support the City's development efforts and are primarily managed by the Community Planning and Economic Development (CPED) department with the assistance of the Development Finance Division of the Finance Department. These resources have faced several challenges in past years, including lower than expected tax increment and non-tax increment revenues, reductions in federal grant allocations, and limited flexible resources.

2014 Budget

Revenues

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

- The increase in General Fund is primarily a result of the bond fee income being treated as General Fund, plus projected increases in direct revenues related to regulatory activities.
- Revenues from federal grant programs are reduced as a result of federal actions.
- There will be annual variations in program income. These are shown as declining at a 5 percent rate.
- Revenue from the Consolidated TIF District will be used to pay existing Target Center debt in 2014 and beyond for Target Center debt and neighborhood revitalization activities. The financial plan does not include any assumptions regarding this district, since currently none of the revenues will be directly available for CPED activities.

Expenditures

The expenditure projections contain assumptions that also must be revisited annually in the context of revised revenues and department performance measures. The tax increment revenues will continue to be restricted to existing debt and contractual obligations.

Debt Service

Bonded debt payable from tax increment revenues will remain outstanding beyond 2014. It is anticipated that tax increment revenue will be sufficient to pay debt service on these obligations.

CDBG Program Income

Resources have been identified and are being appropriated to repay the balance of the CDBG Letter of Credit relating to Block E, therefore the policy of redirecting 50% of the CDBG Program Income to pay down the letter of credit is no longer needed and 100% of that revenue would be available for reprogramming purposes.

General Fund Resources

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

Finance Plan - Table 1

Projected CPED Revenues & Expenditures 2014 - 2017

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Projected CPED Revenues & Expenditures

	2012 Adopted	2013 Adopted	% Chg from 2012	2014 Mayor's Recommended	2015 Forecast	2016 Forecast	2017 Forecast
Local Funds							
General Fund Total	3.505	24.780	607.0%	34.410	35.412	36.444	37.507
GF Property Tax & Non-Direct Revenue	1.647	1.001		1.001	1.001	1.001	1.001
General Fund LGA	0.406	-		-	-	-	-
General Fund Direct Revenues	1.452	23.780		33.409	34.411	35.444	36.507
Capital Bonding (CIP) (Public Arts Proj)	0.346	0.605	74.9%	0.445	0.435	0.375	0.375
Tax Increment	44.972	30.387	-32.4%	30.257	27.641	25.371	25.080
Affordable Housing TI	2.000	2.000	0.0%	2.000	-	-	-
Interest Earnings all Funds	2.080	1.248	-40.0%	1.225	1.225	1.225	1.225
Housing Program Fees & Revenues*	1.090	1.393	27.8%	-	-	-	-
Economic Dev Program Fees & Revenues*	4.930	4.777	-3.1%	-	-	-	-
Other Project & Program Income	14.341	15.247	6.3%	14.838	9.598	9.118	8.662
							-
Federal Funds							
CDBG & NSP	9.198	8.041	-12.6%	8.924	7.056	7.056	7.056
ESG	0.939	0.830	-11.6%	0.773	0.773	0.773	0.773
HOME	2.058	2.153	4.6%	2.153	2.153	2.153	2.153
							-
Other State/Local Grants	4.500	4.500	0.0%	4.500	4.500	4.500	4.500
Adjustment to cover Transfers and Debt Service	(45.245)	(35.651)		(36.401)	(26.259)	(24.102)	(23.826)
Total Projected Revenues	44.713	60.311	34.9%	63.124	62.534	62.913	63.506
Appropriated							
<u>Business Lines:</u>							
Economic Policy & Development	10.544	10.181	-3.4%	11.035	11.256	11.481	11.710
Workforce Development	8.874	8.796	-0.9%	6.631	6.763	6.898	7.036
Housing & Policy Development	14.484	14.090	-2.7%	15.980	16.300	16.626	16.959
Long Range Planning	1.487	2.160	45.2%	2.536	2.586	2.638	2.691
Development Services	2.401	13.199	449.7%	12.314	12.560	12.811	13.068
<u>CPED Support:</u>							
Executive & Support Services	5.074	4.784	-5.7%	9.941	10.140	10.343	10.550
Total Projected Uses	92.110	53.210	0.8%	58.436	59.605	60.797	62.013
Transfer & Debt Service	49.245	39.651	-19.5%	36.401	26.259	24.102	23.826
Difference	1.848	7.101		4.688	2.929	2.116	1.493

* Beginning in 2014, Housing and Economic Development bond fees are being treated as General Fund Direct Revenue

** Includes CDBG Program Income