

**City of Minneapolis  
2015 Budget**

**Financial Overview**

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# City of Minneapolis 2015 Budget

## Financial Overview

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The 2015 Mayor's Recommended Budget for all City funds is \$1.2 billion. This represents a \$54.7 million, or 4.8%, increase from the 2014 Council Adopted Budget of \$1.1 billion in City fund appropriation exclusive of the City's independent boards. "City funds" are those under the auspices of the City Council, and do not include funds controlled and appropriated by independent boards, such as the Minneapolis Park and Recreation Board, which adopt their own budgets. The Mayor is recommending an overall increase of 2.38% in the property tax levy for the City and its independent boards, raising the total amount levied by \$6.7 million, from \$281.7 million in 2014 to \$288.4 million in 2015. This budget also utilizes accumulated fund balance to mitigate budgetary issues and to avoid placing undue burden on property taxpayers. The City's financial position has benefited from growth in sales taxes and other revenues due to an improving economy. These factors, combined with an increased appropriation in Local Government Aid (LGA) from the State of Minnesota, allow the City to plan for significant improvements in service delivery and targeted enhancements to programs outlined in this budget.

The Financial Overview is presented without transfers. Transfers have also been removed from charts and graphs within this section, including totals for comparative prior years, unless otherwise noted.

### Major Highlights

The 2015 Mayor's Recommended Budget includes significant proposals to address future financial challenges. It is important to be aware of these initiatives when making comparisons between budget years, and to understand the context in which these decisions were made.

The highlights include the following:

- The budget for City departments increases by 4.2% in 2015, or \$35.4 million. As part of this budget, funds that have accumulated in the General Fund due to a growing economy and fiscal restraint in prior years allows for utilization of fund balance in the amount of \$13.3 million.
- This budget bolsters public safety by providing funding for ten more police officers, a class of 18 cadets, and funding for classes of community service officers which serve a hiring pipeline proven to increase the diversity of the City's police force. The budget also includes funding for police body cameras, four more 911 operators, and two recruit classes in the Fire Department. Funding is also included for the Fire Department's Fire and Emergency Service Explorer Program, which offers leadership development and encourages young people in Minneapolis public high schools to enter firefighting and emergency services as a career.
- In addition to the diversity initiatives funded in the Police Department, this budget also provides resources for other programs in support of racial diversity initiatives including the addition of two positions in the City Coordinator's Office that will focus exclusively ensuring City work is coordinated to support the best possible racial equity outcomes in

every department as well as adding one position in elections and voter services to ensure the City pursues voter outreach, engagement and education initiatives across all communities.

- The 2015 budget does not project any growth in the cost of closed pension obligations from the prior year. The City will levy the same amount for these obligations as it did in 2014; costs are projected to remain flat for years to come. If recent advances in financial markets continue, it is possible that these costs may actually decline more quickly than currently projected as full funding for these obligations is reached. The City currently maintains among the highest possible ratings from Fitch Ratings, Standard & Poor's, and Moody's Investors Services with AAA from both Fitch and S&P and Aa1 from Moody's.
- The 2015 Mayor's Recommended Budget is the first budget after the City completed aggressive efforts to reduce the City's internal service fund deficits and build reserves by prepaying remaining obligations prescribed under "workout" plans. The original workout plans were adopted between 2000 and 2004 and required the Self-Insurance, Equipment, Property Services and Intergovernmental Services (IT) internal service funds to rely on transfers from the General Fund to eliminate deficits through 2019. However, due to efforts in recent budget cycles, 2014 was the final year of these transfers. The elimination of this obligation allows for General Fund resources to be redeployed to other purposes in 2015 and beyond and to help hold levy increases to 3% annually in the City's long-range planning documents.
- Starting in 2015, the City will be required to implement Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27. This means that the City will now recognize a net pension liability (unfunded accrued liability) in the statements of net position (balance sheets) for each of its various funds and on an entity-wide basis. The Public Employees Retirement Association (PERA) will provide the unfunded accrued liability numbers, and the City will present it annually for the first time in our 2015 Comprehensive Annual Financial Report (CAFR). This will have a significant impact on net position in the enterprise and internal service funds, as well as the consolidated governmental activities with budgetary impacts potentially seen in the City's credit ratings as it pertains to the ability to finance new debt.
- The 2015 Mayor's Recommended Budget continues to lay the foundation for a wave of development including large projects associated with building a new stadium in partnership with the State and the Minnesota Vikings. Construction growth in the City impacts a number of functions in the City including permitting and inspections. This budget includes funding for additional staffing to handle increased workloads and provides funding necessary to build supporting infrastructure.
- In its second year, the Capital Asset Request System, or "CARS," will be used on an ongoing basis in long-range planning for smaller operating capital requests that would normally be budgeted in individual departments. Requests funded within the CARS system include items that are not ongoing in nature such as enterprise software upgrades, vehicle purchases and similarly-valued items. The CARS process provides a rolling five-year perspective of the City's needs for these assets and is intended to create a longer term funding plan. In the second year of this program, approximately \$23.8

million is recommended to fund items through this process. The majority of items funded reflect deferred maintenance and replacement costs for existing operating capital including technology upgrades.

- Future challenges and opportunities that the 2015 budget addresses, through the five-year financial direction, include the impacts of rebounding property values and continued growth in the cost of providing City services due to inflationary pressures, as well as levy growth that has not kept pace with inflation.

## Enterprise Challenges

In the course of the City's annual business and strategic planning process, City departments review and document the most significant trends and challenges affecting their work. While some of these issues are specific to department business, several enterprise-wide themes emerge. A summary of enterprise challenges follows:

### *A Quickly Improving Economy and a Construction Boom*

The City is experiencing its second year in a row of record construction as measured by value of permitted projects. This boom is fueled by new office buildings in and around downtown, multiple high-rise apartment buildings, and the new stadium to be used by the Minnesota Vikings. The quickly improving economy and construction boom have put multiple strains on the City in the areas of permitting, assessing, financial planning, compliance monitoring, and public works expansion. These strains, compounded by a backlog of needed infrastructure improvements accumulated during the economic downturn, stretch current resources and create a need for additional resources.

### *Shrinking Workforce and Increased Demands*

In response to the economic downturn and increasing hardship on the City's taxpayers, the City made large cuts to its workforce by eliminating positions across all City departments and independent boards since 2007. The 2015 budget includes over 600 fewer FTEs than in 2007, despite additional resources in the recommendation. The reduction in staffing places increased pressure on remaining employees as the workloads are increasing as the economy improves. Increasing demands on employees coupled with declining wages when factoring for inflation also create challenges for attracting and retaining personnel.

### *Workforce Turnover*

It is anticipated that the City's workforce will experience high turnover in the coming years due to three factors: a large population of retirement-eligible workers, the above-mentioned shrinking workforce and increased demands, and the rebounding economy allowing for greater workforce mobility. The loss of institutional knowledge and costs of retirement and transition planning has not been fully realized by City departments, despite recognition of and planning for in the 2015 budget.

### *Increased Demand for Technological Solutions*

Departments note the increased technological savvy of customers, and as a result, increased demand of technological approaches to customer service. This translates into additional costs for new equipment and software, and in particular, increased maintenance costs. For example, several enterprise software systems will be upgraded over the next several years, with anticipated costs in the millions of dollars. Other examples include increased computer and internet bandwidth usage, the growth in demand for wireless

connectivity, a drive toward enhancing the City's interaction with residents through technological means, as well as the challenge of training employees in the use of these technologies. This budget includes a new effort to plan for these costs as well as other smaller operational capital needs through the Capital Asset Request System (CARS) program. The CARS program plans not only for major technological initiatives, but also for aging equipment replacement and facility upgrades. More information on CARS is available throughout this document.

#### *Regulatory Complexity/Unfunded Mandates*

Departments have noted increased complexity of protocols and regulations at many levels. Civil Rights identified the increased complexity of investigation protocols. Regulatory Services cites State codes, protocols, and building standards that are placing additional strains on the workload of inspectors. Public Works notes increased costs for inflow and infiltration to meet standards required by Metropolitan Council Environmental Services or facing penalties. The City Clerk notes additional election requirements as a result of the implementation of Instant Runoff Voting (IRV). Furthermore, public safety departments face legislative-directed or nationally developed standards, training, or operating procedures. Departments, especially in light of significant cuts to the City's training programs, indicate a need for increased and improved employee training, possibly placing additional short-term strain on productivity, to address the growing complexities of their program administration.

#### *Emergency and Security Management Needs*

Ensuring adequate physical security, health security, electronic security (prevention of viruses, worms, and other system security threats), information backups, and emergency planning consumes resources of nearly every department. From natural disasters such as the tree-toppling thunderstorms of Summer 2014 or the recent North Minneapolis tornado to physical infrastructure disasters like the I-35W bridge collapse, Minneapolis City departments continue to build and strengthen relationships with other governmental entities to maximize the effectiveness of security planning and build systems to mitigate and prevent disasters and crises.

#### *Aging Office Facilities and Scattered Administrative Workforce*

The City received responses to an RFP issued for consolidating several work locations. The goal of the RFP issuance is to begin the process of reducing the total office locations of the City's administrative workforce from seven to three or less, located close to and connected to City Hall via skyways or tunnels. The City may partner with the private sector in a build-to-suit development or consolidate its offices in some other fashion while divesting itself of other offices through lease expiration or sale. Combining the administrative offices may place challenges on the workforce due to the preparation of an existing building or building(s) or the retrofitting of an existing building along with the staff move itself. The City has also been undertaking a slow and ongoing renovation of City Hall, resulting from deferred maintenance.

## City Spending

Below is a summary of the 2015 Mayor's Recommended Budget by major spending categories, excluding transfers.

### Expenditures by Service

(In Millions of Dollars)

	2014 Adopted	2015 Mayor's Recommended	% Change	\$ Change
Attorney	15.9	16.6	4.3%	0.7
Coordinator*	107.7	115.7	7.5%	8.0
CPED	79.3	75.2	-5.2%	(4.1)
Convention Center	51.5	52.8	2.5%	1.3
Fire	59.3	60.2	1.5%	0.9
Health and Family Support	17.8	18.5	4.4%	0.7
Library	3.2	2.4	-27.0%	(0.8)
Police	147.7	153.4	3.9%	5.7
Regulatory Services	20.6	22.5	9.6%	1.9
<b>Charter Departments Subtotal</b>	<b>503.0</b>	<b>517.5</b>	<b>2.9%</b>	<b>14.5</b>
PW - Administrative Services	3.0	3.1	4.9%	0.1
PW - Fleet	39.0	34.3	-12.3%	(4.7)
PW - Solid Waste	33.4	42.6	27.5%	9.2
PW - Traffic & Parking	53.7	55.5	3.3%	1.8
PW - Transportation Maintenance and Repair	46.0	47.8	3.9%	1.8
PW - Transportation Planning & Engineering	14.4	13.2	-8.1%	(1.2)
PW - Water Treatment & Distribution	52.4	56.0	6.7%	3.6
PW - Surface Water and Sewer - Stormwater	19.4	19.4	-0.2%	
PW - Surface Water and Sewer - Sanitary Sewer	48.0	56.8	18.4%	8.8
<b>Public Works Subtotal</b>	<b>309.3</b>	<b>328.6</b>	<b>6.2%</b>	<b>19.3</b>
Other City Services**	19.8	21.4	7.9%	1.6
Other***	55.7	58.5	5.0%	2.8
Debt Service	122.5	125.9	2.8%	3.4
Total Capital Improvement	121.5	134.6	10.8%	13.1
<b>Total City Spending</b>	<b>1,131.8</b>	<b>1,186.5</b>	<b>4.8%</b>	<b>54.7</b>

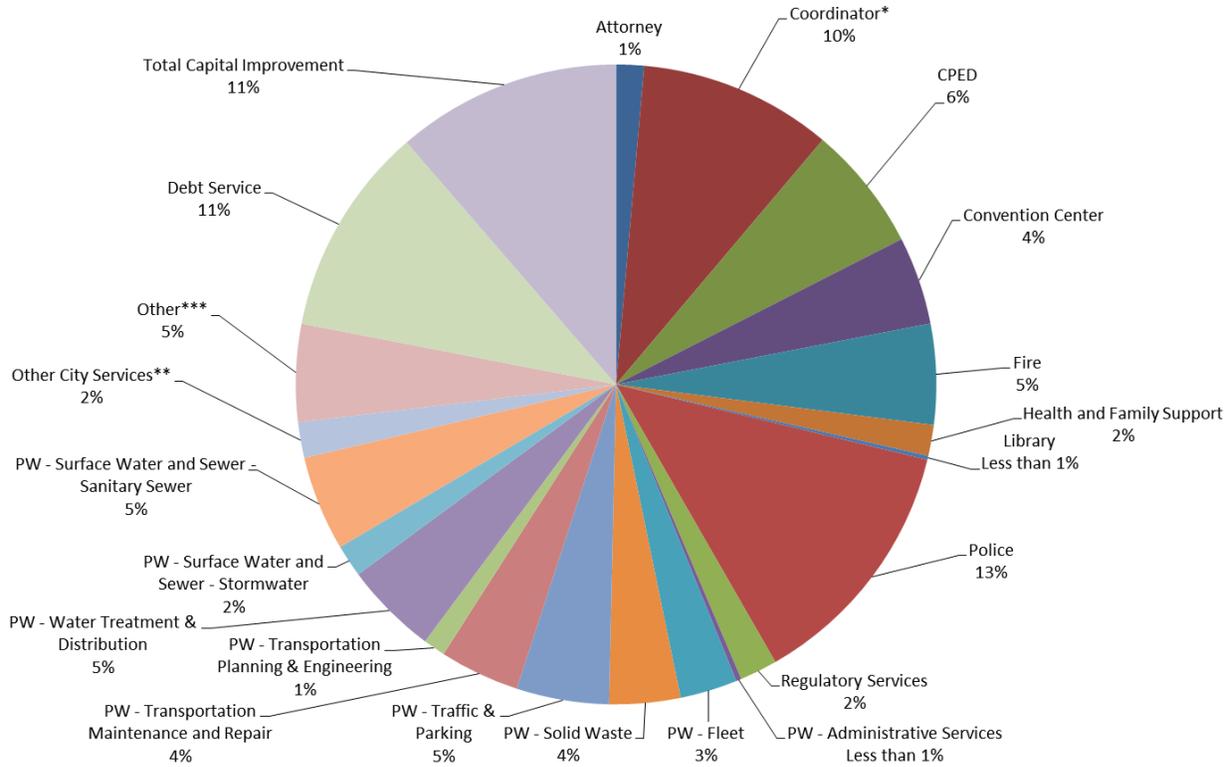
\* Includes Human Resources, Finance & Property Services, 311, Intergovernmental Relations, Communications, Neighborhood and Community Relations, IT, 911 and Emergency Management. Convention Center is broken out for illustrative purposes.

\*\* Includes Assessor, Internal Audit, City Clerk, City Council, Civil Rights and Mayor.

\*\*\* Includes Non-departmental, Health and Welfare, Worker's Compensation, Liability, Contingency and Pensions.

**Note:** See "City Council Operating Departments" and section in the budget document for further explanation of changes between years.

## Total Expenditure Budget - Use of Funds 2015 Mayor's Recommended Budget \$1.1 Billion



\* Includes Human Resources, Finance, 311, Intergovernmental Relations, Communications, Neighborhood and Community Relations, IT, 911 and Emergency Management. Convention Center is broken out for illustrative purposes.

\*\* Includes Assessor, Internal Audit, City Clerk, City Council, Civil Rights and Mayor

\*\*\* Includes Non-departmental, Health and Welfare, Worker's Compensation, Liability, Contingency and Pensions

\*\*\*\* Includes Neighborhood Revitalization Program, Board of Estimate and Taxation, the City's Contribution to Minneapolis Public Housing Authority, and Municipal Building Commission

For 2015, the budget includes expenditure appropriations corresponding to priorities outlined in the Mayor's recommendations as well as ongoing projects and current City-provided services. Details of the individual expenditure appropriations within the departments and other categories identified in the pie chart above are available in the Operating Departments and Capital Programs sections of this document.

## City Sources of Revenue

Below is a summary of the 2015 Mayor's Recommended Budget revenues by major category.

### **Revenue by Category**

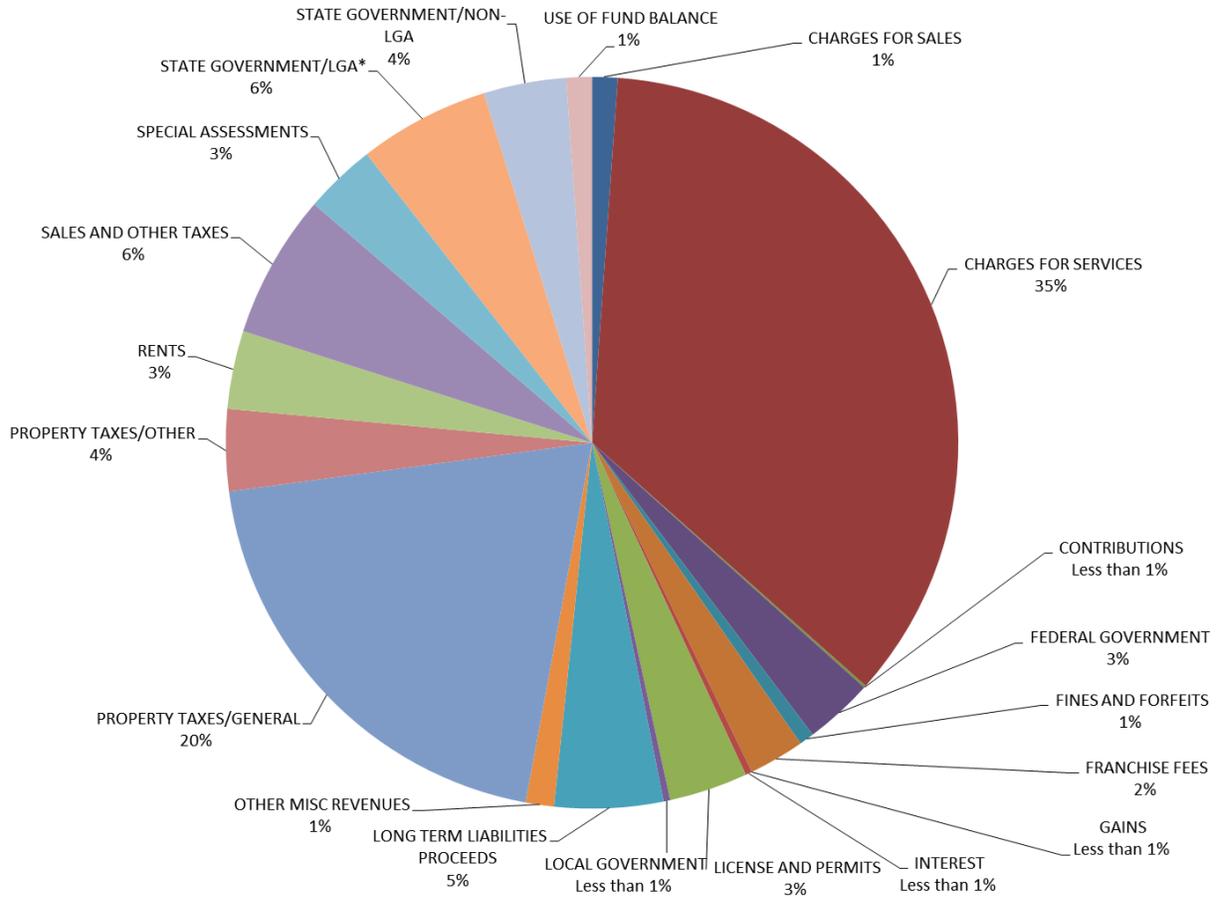
(In Millions of Dollars)

Revenue Category	2014 Adopted	2015 Mayor's Recommended	\$ Change	% Change
CHARGES FOR SALES	14.3	13.3	(1.0)	-7.0%
CHARGES FOR SERVICES	392.7	418.2	25.5	6.5%
CONTRIBUTIONS	1.1	1.2	0.1	10.3%
FEDERAL GOVERNMENT	29.1	35.8	6.8	23.3%
FINES AND FORFEITS	8.5	7.7	(0.8)	-9.7%
FRANCHISE FEES	26.9	29.0	2.1	7.7%
GAINS	0.0	0.0		0.0%
INTEREST	2.4	3.4	1.0	44.2%
LICENSE AND PERMITS	38.4	41.0	2.5	6.5%
LOCAL GOVERNMENT	3.7	3.4	(0.2)	-6.4%
LONG TERM LIABILITIES PROCEEDS	52.9	56.5	3.7	6.9%
OTHER MISC REVENUES	15.3	14.7	(0.6)	-3.8%
PROPERTY TAXES/GENERAL	226.3	235.6	9.3	4.1%
PROPERTY TAXES/OTHER	41.8	42.6	0.8	1.9%
RENTS	41.5	40.8	(0.8)	-1.8%
SALES AND OTHER TAXES	73.7	75.1	1.4	2.0%
SPECIAL ASSESSMENTS	32.0	37.3	5.3	16.6%
STATE GOVERNMENT/LGA*	66.9	68.0	1.1	1.6%
STATE GOVERNMENT/NON-LGA	38.7	43.0	4.3	11.1%
USE OF FUND BALANCE	24.5	13.3	(11.2)	-45.7%
<b>Total Revenue</b>	<b>\$1,130.6</b>	<b>\$1,179.9</b>	<b>\$49.3</b>	<b>4.4%</b>

\*LGA is reflective of only the City's portion in the Mayor's Recommended Budget (does not include Independent Boards).

The table above shows a different dollar amount in property taxes than the dollar amount levied because the City assumes a collection rate of only 98%.

**Total Revenue Budget – Source of Funds  
2015 Mayor’s Recommended Budget  
\$1.2 Billion**



For 2015, the City forecasts \$1.2 billion in revenue from a variety of sources. Many of the City’s revenue sources are restricted, meaning they are required to be spent in defined areas or on specific programs or projects. These restrictions limit the City’s ability to raise additional funds and to apply the revenue to other departments or programs. For example, the City charges fees for services such as water, sewer and trash pickup, but State law requires that these fees be no higher than the cost of providing the services, including both operating and capital costs. Because these revenues are restricted, the City cannot raise water bills to pay for citywide police services.

Grants and allocations from the Federal Government and other units of government are usually designated for specific needs and purposes. If the City does not spend these resources for their designated purpose, the City will not receive the grants. Bond proceeds must go to purposes for which the debt was incurred. Like many Minnesota cities, Minneapolis pays for core City services (police, fire, streets, parks, etc.) primarily with property taxes and LGA, as well as other general governmental revenues such as licenses and permits.

## Local Government Aid (LGA)

Following several years of uncertainty in funding from the State of Minnesota in the form of LGA, including the loss of over \$70 million from 2008-2011, the State increased the amount of LGA appropriated to the City of Minneapolis from \$64.1 million in 2013 to \$76.1 million for 2014, with another \$1.3 million added in 2015, bringing the total to \$77.4 million. Of this \$77.4 million, the City will allocate \$68.0 million for its General Fund, \$9.1 million to the Park Board, and the remaining \$0.2 million to the Municipal Building Commission (MBC). The table to the right shows the historical certified and actual LGA amounts including the reductions, as well as projected LGA levels for 2015 based on current law.



## Budget by Fund

The City uses different “funds” to account for expense and revenue associated with the various services provided. The **General Fund**, where the City accounts for most property tax supported services, represents 34% of the 2015 Mayor’s Recommended Budget, down from 35% in the 2014 budget when excluding independent boards.

**Special Revenue Funds** are used for personnel costs, operating costs, contractual services and equipment that are funded by specific revenue sources. Special revenue funds support the convention center, health and family support, public safety, Federal, State and local grants and ongoing support of closed pension funds.

**Capital Project Funds** include permanent improvement and arbitrage funds and are used for the construction of infrastructure projects.

**Debt Service Funds** are used to pay interest and principal on City debt.

**Internal Services Funds** are used to account for business-like services that the City provides to other City departments. Internal services include information technology, equipment (e.g. police squad cars, fire equipment, and other rolling stock), property services, tort claims, and workers compensation claims.

**Enterprise Funds** include services that the City provides that operate like a “business” – similar to internal service funds but with external customers. Charges for services are expected to recover operating costs, indirect costs, capital investments, and interest expense. Utility rates are set with the intent of funding these costs. Enterprise services of the City include sanitary sewer services, storm water management and flood mitigation, water treatment and distribution, solid waste and recycling, and parking.

## Expense and Revenue By Fund Type

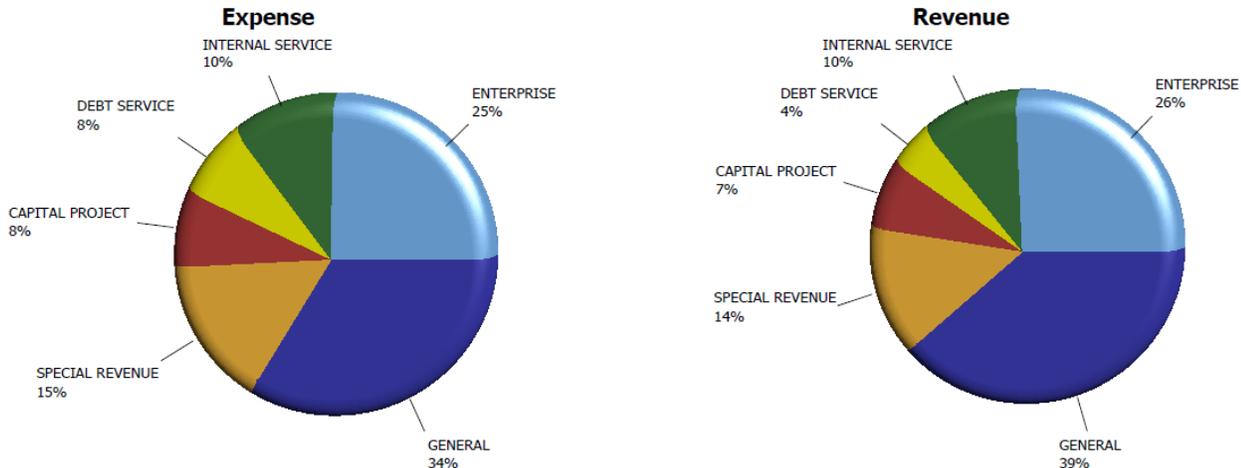
In Millions

	2014 Adopted	2015 Mayor's Recommended	Percent Change	Dollar Change
<b>Expense:</b>				
GENERAL	\$392.6	\$406.8	3.6%	\$14.2
SPECIAL REVENUE	\$167.2	\$167.1	-0.1%	(\$0.1)
CAPITAL PROJECT	\$76.5	\$95.3	24.6%	\$18.8
DEBT SERVICE	\$81.1	\$92.5	14.1%	\$11.4
INTERNAL SERVICE	\$125.3	\$126.2	0.7%	\$0.9
ENTERPRISE	\$289.1	\$298.5	3.3%	\$9.4
<b>Total</b>	<b>\$1,131.8</b>	<b>\$1,186.5</b>	<b>4.8%</b>	<b>\$54.7</b>
	2014 Adopted	2015 Mayor's Recommended	Total(Pct Increase)	Dollar Change
<b>Revenue:</b>				
GENERAL	\$464.0	\$459.3	-1.0%	(\$4.6)
SPECIAL REVENUE	\$144.1	\$154.6	7.3%	\$10.5
CAPITAL PROJECT	\$67.4	\$85.8	27.3%	\$18.4
DEBT SERVICE	\$46.0	\$53.6	16.5%	\$7.6
INTERNAL SERVICE	\$120.1	\$120.8	0.6%	\$0.7
ENTERPRISE	\$289.1	\$305.8	5.8%	\$16.7
<b>Total</b>	<b>\$1,130.6</b>	<b>\$1,179.9</b>	<b>4.4%</b>	<b>\$49.3</b>

Note: The chart above shows different levels of revenue and expense by fund type due to the removal of transfers and use of fund balance.

## Expense and Revenue By Fund Type

In Millions



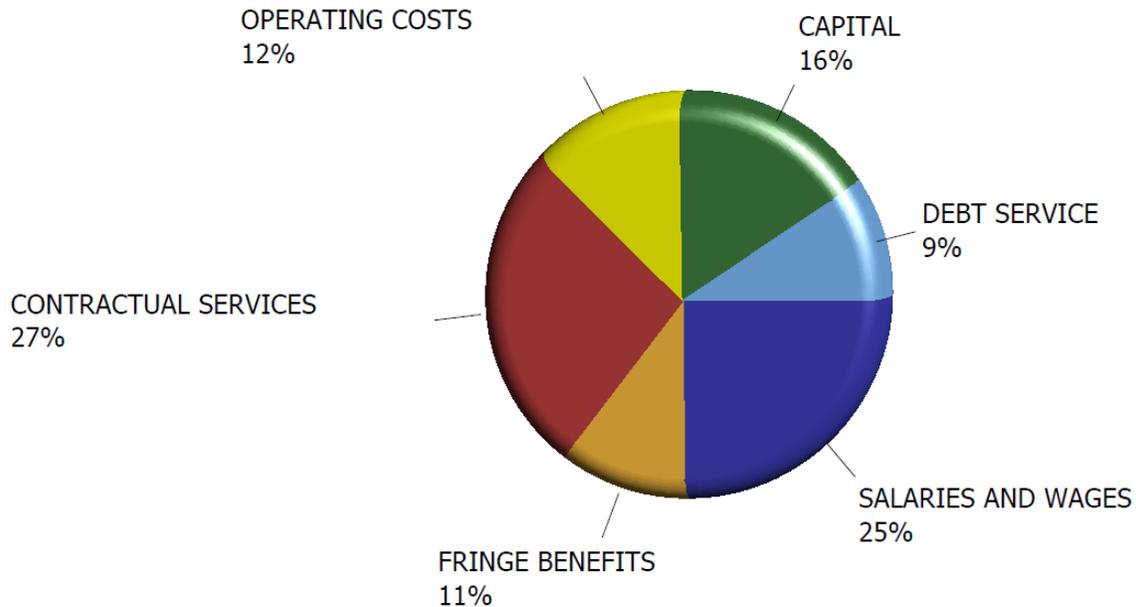
The largest portion of the City's budget is spent on personnel, which comprises \$401.4 million or 33.8% of the total budget. The 2015 Mayor's Recommended Budget includes an overall increase of 76.5 budgeted full-time equivalent (FTE) positions from the 2014 Council Adopted Budget, an increase of 2.0% to 3,841.9 FTE in total, exclusive of the City's independent boards.

### Expense by Category

Expense Category	2014 Adopted	2015 Mayor's Recommended	\$ Change	% Change
DEBT SERVICE	122.6	126.0	3.4	2.8%
CAPITAL	177.8	198.0	20.3	11.4%
SALARIES AND WAGES	271.0	280.9	9.9	3.6%
FRINGE BENEFITS	115.7	120.5	4.7	4.1%
CONTRACTUAL SERVICES	300.4	309.9	9.5	3.2%
OPERATING COSTS	144.3	151.2	6.9	4.8%
<b>Total Expense</b>	<b>\$1,131.8</b>	<b>\$1,186.5</b>	<b>\$54.7</b>	<b>4.8%</b>

\*The Capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operating departments.

### Total City Budget – Expenditures by Category 2015 Mayor's Recommended Budget \$1.19 Billion



## Funding for Physical Infrastructure

**Five-Year Capital Program Totals:** For 2015 – 2019, the five-year capital program for City departments, independent boards and commissions totals \$575.90 million including all funding sources. The 2015 portion of this program is \$132.89 million. This budget continues the commitment to fund accelerated improvements to the City’s infrastructure. Below is a summary of the five-year capital program by major infrastructure category.

<b>Five-Year Capital Investment Allocation</b> Mayor's Recommended Budget								
Submitting Agency	Infrastructure Category	2015	2016	2017	2018	2019	Total	Percent of Total
<b>Budget in Thousands</b>								
<b>MUNICIPAL BUILDING COMMISSION</b>		1,700	2,050	4,325	6,430	3,455	17,960	3.1%
<b>PARK BOARD</b>		5,150	5,650	5,350	4,150	7,850	28,150	4.9%
<b>PUBLIC WORKS DEPARTMENT</b>	STREET PAVING	48,010	30,325	29,655	31,160	30,705	169,855	29.5%
	SIDEWALKS	3,520	3,675	3,830	3,985	4,140	19,150	3.3%
	BRIDGES	11,000	2,915	3,050	6,850	6,895	30,710	5.3%
	TRAFFIC CONTROL & STREET LIGHTING	10,450	8,000	5,895	5,445	6,170	35,960	6.2%
	BIKE TRAILS	790	760	0	0	0	1,550	0.3%
	SANITARY SEWERS	7,200	7,250	7,250	7,250	7,250	36,200	6.3%
	STORM SEWERS	9,765	18,378	17,830	14,250	13,250	73,473	12.8%
	WATER INFRASTRUCTURE	22,200	22,800	22,900	32,400	20,600	120,900	21.0%
	<b>Public Works Department Total</b>	<b>112,935</b>	<b>94,103</b>	<b>90,410</b>	<b>101,340</b>	<b>89,010</b>	<b>487,798</b>	<b>86.7%</b>
<b>INFORMATION TECHNOLOGY</b>		2,850	2,950	1,150	450	1,050	8,450	1.5%
<b>PUBLIC GROUNDS &amp; FACILITIES</b>		8,415	6,660	8,700	0	0	23,775	4.1%
<b>MISCELLANEOUS PROJECTS</b>		1,835	405	425	6,465	640	9,770	1.7%
	<b>Grand Totals</b>	<b>132,885</b>	<b>111,818</b>	<b>110,360</b>	<b>118,835</b>	<b>102,005</b>	<b>575,903</b>	<b>100.0%</b>

For more details regarding the Five-Year Capital Improvement Program, please see the Capital Program section of this book.

## Technology funding

The City has two main financing mechanisms for technology:

**Property tax supported debt financing in the City’s capital program:** Since 2003, the City has programmed about \$1.5 - \$2.0 million annually in property tax supported projects, financed by debt, as prioritized by the IT Department and the department heads. These technology assets are capitalized and the bond payments are structured within the useful life of the asset. For 2015, \$2.85 million in technology projects are funded through property tax supported debt with a five-year plan total of \$8.45 million. Approximately 47% of the total or \$4.0 million of this program is dedicated to replacing the Police Department’s primary information system.

**Pay-as-you go:** The other method used to fund technology is through the Capital Asset Request System (CARS). With this program, which originated with the 2014 budget process, the City will allocate current-year available funding for technology projects rather than issuing bonds. Regardless of the initial funding source, funding the ongoing operating costs to keep technology assets current continues to be a challenge for the City.

## Capital Asset Request System (CARS)

In 2014, the City implemented the CARS process to allow departments to submit budget requests for the replacement of capital equipment items greater than \$5,000 such as technology systems, vehicles and construction equipment and/or other large dollar items necessary to provide services. The CARS process uses a five-year planning horizon similar to the Five-Year Capital Program (for infrastructure) with the intent of establishing normal replacement cycles for all long-term assets used by City Departments. Replacement cycles had already been established for fleet equipment, but not for other asset categories. For the 2015 - 2019 five-year cycle, the City received requests from departments totaling \$125.2 million, with fleet equipment representing approximately 56 percent of this total. For 2015, the requests totaled \$35.39 million. This budget recommends \$8.27 million of general fund resources and \$15.57 million of non-general fund resources.

## Funding for Pension Liabilities

The City's levies for its former closed pension funds that have been merged into the Minnesota State Public Employees' Retirement Association (PERA) remains level at \$27.3 million in 2015. This information for each levy is detailed for each of the three former pension funds below.

### ***The Minneapolis Employee's Retirement Fund (MERF) Division of PERA:***

The 2015 levy for MERF-related costs is \$18.2 million, from the same as 2014. The funding is due to legislation passed in 2010 that called for a gradual increase in City funding to cover a share of the cost associated the agreement that merged MERF into PERA. The City's share of MERF expenses is expected to be fairly stable through 2031 unless the MERF Division of PERA does not meet actuarial assumptions for its investment returns or if the actuarial assumptions for PERA are changed by the State.

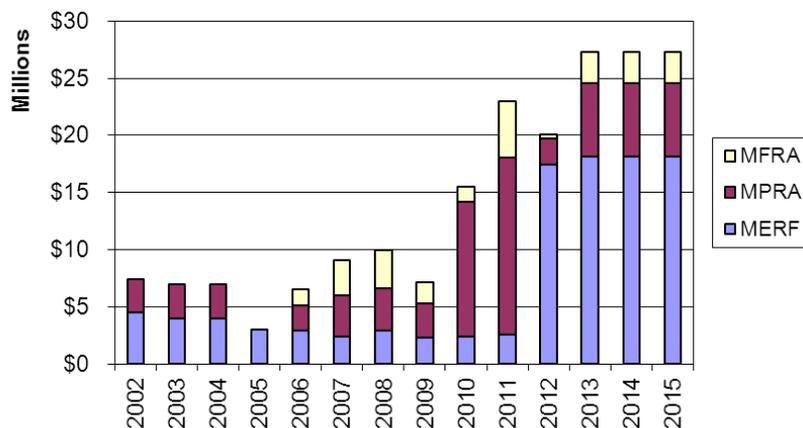
### ***The Former Minneapolis Police Relief Association (MPRA), a closed fund:***

In 2011, legislation was passed by the State that merged the MPRA into PERA P&F on December 31, 2011. The 2015 levy for the former MPRA is \$6.4 million, from the same as 2014. It is anticipated that these costs will remain constant through 2031.

### ***The Former Minneapolis Fire Relief Association (MFRA), a closed fund:***

In 2011, legislation was passed by the State that merged the MFRA into PERA P&F on December 31, 2011. The 2015 levy for the former MFRA is \$2.7 million, from the same as 2014. It is anticipated that these costs will remain constant through 2031.

Closed Pensions - Projections and Growth 2002-2015



### ***Teacher’s Retirement Association (TRA):***

The 2006 Legislative session combined the Minneapolis Teachers Retirement Fund Association (MTRA) with the State’s Teachers Retirement Association (TRA). As part of the legislation, the City was required to redirect its annual \$2.25 million MTRA tax levy to TRA through 2037. State law changed the \$2.25 million City levy to a \$2.25 million contribution in 2012. This change increased the total levy for this purpose as the City previously contributed its net TRA levy collection, which was less than \$2.25 million because the City does not collect 100% its levy. In 2015, the City must levy \$2.3 million for TRA to insure that net collections provide the \$2.25 million. It is anticipated that this levy amount will remain constant.

### ***Public Employees Retirement Association (PERA), the plan for most current City employees:***

The employers’ contribution level in PERA’s Coordinated Plan was raised from 7.25% in 2014 to 7.5% in 2015. The Police and Fire Plans’ employer’s contribution was raised from 15.3% in 2014 to 16.2% beginning in 2015. The estimated total cost of contributions to PERA for the City exclusive of its independent boards in 2015 is \$29.6 million, which is covered in the budgets of the departments in which the employees work.

	<b>2014</b>	<b>2015</b>	<b>Change</b>
PERA	\$11.3	\$12.5	\$1.2
PERA Police & Fire	\$15.9	\$17.1	\$1.2
<b>Total</b>	<b>\$27.2</b>	<b>\$29.6</b>	<b>\$2.4</b>

### **Funding for Internal Services Funds’ Long-Term Financial Plans**

During the 1990s, external demands negatively impacted the ability for revenue to support these internal services to keep pace with the growth in expenditures. Significant negative cash balances resulted because annual expenses exceeded revenues. By the year 2000, the combined net asset deficit in the Self Insurance, Equipment, and Intergovernmental Services Funds was \$61.7 million. To correct these deficits, the City adopted long-term financial plans between 2000 and 2004 that called for the Self-Insurance, Equipment, Intergovernmental Services, as well as the Property Services internal service funds to rely on transfers from the General Fund through 2019 to eliminate deficits. However, due to efforts in recent budget cycles, 2014 was the final year of these transfers. The elimination of this obligation will allow General Fund resources to be redeployed to other purposes in 2015 and beyond.

### **Growth in Personnel Costs**

***Personnel Changes.*** The 2015 Mayor’s Recommended Budget increases the FTE count of City positions by 76.5 over the 2014 Council Adopted Budget, exclusive of the City’s independent boards, from 3,765.4 to 3,841.9.

***Salary and wages.*** The 2015 Mayor’s Recommended Budget includes an increase in personnel expenditures (\$280.9 million in salaries and wages, compared to a 2014 total of

\$271.0 million). It also includes \$120.5 million in fringe benefits, compared to \$115.7 million in 2014, exclusive of the City's independent boards.

**Benefits.** Health and dental insurance expenditures are budgeted to increase from \$59.5 million in 2014 to \$61.3 million in 2015, exclusive of the City's independent boards. This estimate results from better than anticipated renewal rates, growth in employee headcount, and changes in coverage selections by employees.

## Continuing Library Obligation to Hennepin County

Minneapolis libraries merged with the Hennepin County system in 2008. In addition to the \$9.3 million market value referendum supported by Minneapolis taxpayers, the merger finance plan requires Minneapolis to provide an additional declining base contribution for 10 years. In 2015, that contribution is approximately \$2.4 million.

### Finance Plan for Hennepin County Library/Minneapolis Library Merger (in thousands):

	Base	Reopen (1)		Reopen	Other City (2)	Total City	Library LGA (3)	Property Tax (4)	One Time (5)	Total
2008	\$7,800	\$45	100%	\$445	\$10,650	\$18,895	\$6,800	\$10,650	\$1,445	\$18,895
2009	\$7,020	\$463	100%	\$463	\$10,650	\$18,133	\$6,800	\$10,650	\$683	\$18,133
2010	\$6,240	\$481	100%	\$481	\$10,650	\$17,371	\$6,721	\$10,650	\$0	\$17,371
2011	\$5,460	\$501	79%	\$393	\$10,750	\$16,603	\$5,853	\$10,750	\$0	\$16,603
2012	\$4,680	\$521	58%	\$302	\$10,750	\$15,732	\$4,982	\$10,750	\$0	\$15,732
2013	\$3,900	\$541	38%	\$206	\$10,750	\$14,856	\$4,106	\$10,750	\$0	\$14,856
2014	\$3,120	\$563	21%	\$118	\$9,300	\$12,538	\$3,238	\$9,300	\$0	\$12,538
2015	\$2,340	\$586	4%	\$23	\$9,300	\$11,663	\$2,363	\$9,300	\$0	\$11,663
2016	\$1,560	\$609	0%	\$0	\$9,300	\$10,860	\$1,560	\$9,300	\$0	\$10,860
2017	\$780	\$633	0%	\$0	\$9,300	\$10,080	\$780	\$9,300	\$5,550	\$15,630

(1) The cost to reopen 3 libraries at 24 (2) and 20 (1) hours per week. Annual costs are inflated 4% per year after 2008.

(2) Other City includes debt service on net debt bonds.

(3) Library LGA is the amount of LGA allocated to Libraries not exceeding the 2007 level.

(4) Property tax amounts are in City's five-year financial plans.

(5) The City will be responsible for these one-time costs with the exception of 2017, with an amount in the one-time column that is from the State of Minnesota as a contribution to cover 40% of the library debt service as agreed to by the 2014 Legislature. The legislature approved a provision that has the state of Minnesota paying 40% of the remaining annual debt service. The payments begin for debt service due in 2017 and the payments will be made in November of the preceding year.

## **Major Changes in the 2015 Mayor's Recommended Budget**

*This section of the 2015 Mayor's Recommended Budget describes the funding recommendations proposed by the Mayor for various departmental program submissions. The recommendations are organized by department.*

### **Citywide Changes**

As a starting point for 2015 budget development, departments were provided a preliminary budget amount and asked to submit, for existing programs, proposals that would provide for the continuation of those programs at the same level of service. Departments were also asked to submit supporting documentation for any enhancements to current programs or any new programs. The Mayor's recommended changes to ongoing departmental programs, along with new initiatives recommended for funding, are noted below. Program proposals not funded in the Mayor's recommendation are not included.

The Mayor's 2015 Recommended Budget includes proposals that have citywide implications. This budget uses accumulated fund balance from the General Fund for one-time or time-limited activities. These resources were generated through fiscal restraint that resulted in under-spending in City departments and through revenues that exceeded budgetary expectations due to a quickly improving economy.

The Mayor has proposed using these accumulated General Fund resources for funding for the Capital Asset Request System, or CARS, that was initiated as part of the 2014 budget as a new system for budgeting small and mid-level capital requests previously planned for in departmental budgets. CARS requests include items that are not ongoing in nature including enterprise software upgrades, vehicle purchases, and similarly-sized items. The goal of this effort is to increase transparency in spending and operating costs by including these budgetary requests in a separate process. Now in the second year, \$17.2 million has been dedicated to fund items through this request process, which is used to cover deferred maintenance and replacement costs for existing operational capital.

### **Departmental Changes**

The Mayor has recommended program changes for the 2015 budget. The program proposal recommendations include those submitted by departments, as well as new initiatives proposed by the Mayor. Recommended changes are described below; proposals that were not recommended have been omitted. CARS recommendations are not reflected below.

#### **Assessor**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

#### **Attorney**

*Mayor's Recommended Budget:* The Mayor recommended the following ongoing General Fund allocations; \$90,000 to cover the City's share of the cost of two Downtown Probation officers including the Downtown 100 Prosecutor DID grant shortfall, and \$75,000 for 1 FTE (Data Management Analyst) to enable the City better track results as well as developing and analyzing

new initiatives. The Mayor also recommended \$90,000 in ongoing Self Insurance Fund allocation for an additional paralegal to assist with responses to data practices requests. The following one-time General Fund allocations were recommended; \$75,000 for Domestic Abuse 24 Hour Hotline Services that provides immediate advocacy services for domestic abuse victims (City's share of costs in a joint project with MPD), and \$50,000 for Domestic Violence Hot Spot Initiative - a pilot partnership with the Minneapolis Police Department (MPD), Health Department and domestic abuse advocates to focus prevention and follow-up efforts in selected hotspot areas.

### **City Clerk**

*Mayor's Recommended Budget:* The Mayor recommended additional ongoing General Fund money in the amount of \$284,000 for a program assistant to assist with administering elections and voter services, a program assistant to provide administrative support to the City Council and City Clerk offices, and a software engineer to assist with developing the framework to provide information on City programming more transparently (3 new FTEs in total).

### **City Council**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

### **City Coordinator Administration**

*Mayor's Recommended Budget:* The Mayor recommended the following ongoing General Fund allocations: \$400,000 for downtown events, \$250,000 (including 2 FTEs) for equitable outcomes - a program that would be focused on achieving elimination of racial disparities for Minneapolis residents, \$75,000 for Creative CityMaking – an initiative that tailors creative community engagement strategies to department needs and works with underserved and vulnerable communities.

The Mayor also recommended the following one-time General Fund allocations; \$150,000 for 1 FTE to oversee the Clean Energy Partnership, \$50,000 relating to the transition of MPHA's medical insurance and related costs, and \$35,000 for 2020 City of Minneapolis Arts, Culture and the Creative Economy Road Map. Additionally, \$40,000 ongoing and \$20,000 one-time General Fund appropriations were recommended for full update, design and dissemination of the Creative Index report that would track the assets of the creative community through quantitative and qualitative measures.

#### **311 (a Division of City Coordinator Administration)**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

#### **911 (a Division of City Coordinator Administration)**

*Mayor's Recommended Budget:* The Mayor recommended \$347,000 in ongoing General Fund allocation to increase staffing by four operators to make progress in achieving the level recommended in a 2014 National Emergency Number Association (NENA) staffing study.

#### **Emergency Management (a Division of City Coordinator Administration)**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

## **Civil Rights**

*Mayor's Recommended Budget:* The Mayor recommended \$100,000 in additional ongoing General Fund appropriation for a Contract Compliance Officer and \$300,000 in additional one-time General Fund resources to be used for conducting a disparity study over the next two years.

## **Communications**

*Mayor's Recommended Budget:* The Mayor recommended an additional \$174,000 in ongoing resources for 2 additional FTEs to boost collaboration with the Neighborhood and Community Relations Department and non-English media outlets to ensure that City news and information reach diverse communities across the City.

## **Convention Center**

*Mayor's Recommended Budget:* The Mayor recommended the transfer of \$500,000 in one-time funding from the General Fund to the Convention Center Fund for the purpose of marketing, events and community engagement programming.

## **Community Planning and Economic Development (CPED)**

*Mayor's Recommended Budget:* The Mayor recommended additional ongoing funding from the General Fund to support the following efforts: \$200,000 for the Homelessness Initiative, \$250,000 in Homeownership Counseling and Outreach program, \$100,000 in business technical assistance, \$75,000 for youth training and development, \$100,000 (1 FTE) for construction code services, and \$94,000 (1 FTE) for a new business licensing position. The cost of the business licensing position is anticipated to be offset by the implementation of new license structures. Funding for staff in public art is shifted from permanent improvement to the general fund. The mayor also recommends one-time appropriations from the general fund for \$1,000,000 in the Affordable Housing Trust Fund program, \$125,000 in Homeownership Counseling and Outreach program, \$250,000 for planning activities associated with the closure of the Upper Harbor Terminal, \$100,000 for policy issues addressing land capacity, and \$200,000 for construction code services (2 FTE).

## **Finance & Property Services**

*Mayor's Recommended Budget:* The Mayor recommended \$96,000 in ongoing funding from Property Services Fund to hire an additional Painter in Property Services.

## **Fire**

*Mayor's Recommended Budget:* The Mayor recommended \$400,000 in ongoing and \$400,000 one-time General Fund allocations to enhance on-going training and recruitment activities. The \$400,000 in ongoing funding provides for a class of trainees every year. An appropriation of \$50,000 in one-time General Fund resources was also recommended for continuing development and implementation of outreach to high schools and an alternative hiring process focusing on inner-city youth.

## **Health and Family Support**

*Mayor's Recommended Budget:* The mayor recommended additional ongoing General Fund appropriation of \$50,000 (.5 FTE) for school based clinics, \$70,000 for youth development and sexual health, \$100,000 for youth violence prevention, and \$350,000 (3 FTE) for the food, lodging and pools inspection program to keep pace with the increase in the number of establishments. An additional \$110,000 in resources from the City's Storm Water fund provides for (1 FTE) for environmental services to keep pace with increased construction activity for erosion control, The Mayor recommended additional one-time General Fund allocations of \$140,000 (1 FTE) for lead and healthy homes, \$25,000 to finalize the 2007 Minneapolis Air Quality Study, and \$72,000 (1 FTE) for tobacco prevention to pursue strategies to prevent exposure to second hand smoke.

## **Human Resources**

*Mayor's Recommended Budget:* The Mayor recommended the following ongoing General Fund allocations: \$25,000 for Enterprise Employee Recognition program designed to respond to needs identified in 2011-12 Employee Engagement Survey, and \$35,000 for the annual licensing fees for NEOGOV Applicant Tracking System. The 2015 Budget also reallocates funding from Public Works to provide for strategic employment services provided by Human Resources, but targeted for Public Works.

## **Information Technology**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

## **Intergovernmental Relations**

*Mayor's Recommended Budget:* The Mayor recommended \$15,000 one-time funding for staff development in areas such as program management, policy analysis and development, leadership and negotiations, as well as a summer intern to assist in all program areas.

## **Internal Audit**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this department's base program proposal.

## **Mayor**

*Mayor's Recommended Budget:* The Mayor's 2015 Recommended Budget includes \$195,000 in ongoing General Fund allocation for additional policy resources.

## **Neighborhood and Community Relations**

*Mayor's Recommended Budget:* The Mayor recommended the following ongoing resources from special revenue fund; \$150,000 for enlarging the One Minneapolis Fund, and an additional \$150,000 for 1 FTE (Neighborhood Support Specialist) to allow stronger support for neighborhood organizations to meet City standards and expectations. The Mayor also recommended \$150,000 one-time General Fund appropriation for conducting an evaluation of City programs and services for compliance with ADA Title II requirements.

## **Police**

*Mayor's Recommended Budget:* The Mayor recommended the following ongoing General Fund resources: \$996,000 for hiring 20 part time Community Service Officers, \$520,000 as a matching requirement for \$520,000 in funding from the Federal COPS Hiring Grant – to provide for ten more officers to address violent crime, and \$100,000 for a Data Request Specialist to meet growing records/compliance requests, including maintenance of the newly implemented body cameras. The Mayor also recommended \$962,000 one-time General Fund appropriation for hiring 18 Cadets in 2015.

## **Public Works**

*Mayor's Recommended Budget:* Please see the divisional sections below for the Mayor's recommendation by division.

### **Administration**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this division's base program proposal.

### **Fleet Services**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this division's base program proposal.

### **Solid Waste and Recycling**

*Mayor's Recommended Budget:* The Mayor's recommended budget includes appropriation in the Solid Waste and Recycling Fund to fund the beginning of a citywide source-separated organics recycling program estimated to cost \$8.0 million in the first year. Of this total amount, approximately \$5.1 million of the costs are considered one-time in nature related to the program's start-up.

The Mayor's recommended budget further proposes a reduction in the transfer of General Fund resources for alley plowing and graffiti removal initiatives which will continue to be funded from the Solid Waste and Recycling Fund.

### **Surface Water & Sanitary Sewer – Sanitary Sewer**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this division's base program proposal.

### **Surface Water & Sanitary Sewer – Stormwater**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this division's base program proposal, with the exception of providing funding to offset the cost associated with an additional 1 FTE in Environmental Health for erosion control monitoring.

## **Traffic & Parking Services**

*Mayor's Recommended Budget:* The Mayor's recommended budget includes \$350,000 in General Fund resources for the Pedestrian Safety Initiative designed to reduce pedestrian and biking injuries and fatalities by providing for improved access and right-of-way markings, including crosswalks and similar signage.

## **Transportation Maintenance and Repair**

*Mayor's Recommended Budget:* The Mayor's recommended budget includes \$365,000 in base adjustments to reflect increased revenue from parking ramps and special service districts to align revenues and expenditures in these self-supporting programs. The recommended budget also includes \$150,000 in one-time General Fund funding for snow removal from on-street bike lanes with an additional ongoing \$30,000 for on-street bike lane summer cleaning and winter maintenance, and an additional \$11,000 dedicated to off-street trail summer cleaning and winter maintenance. Further, the recommended budget also includes \$200,000 in ongoing General Fund appropriation for sidewalk snow removal and enforcement and \$300,000 in ongoing capital sidewalk inspections funding to clear snow from all corners within five days after the end of a snow emergency.

## **Transportation Planning and Engineering**

*Mayor's Recommended Budget:* The Mayor's recommended budget includes \$300,000 in ongoing General Fund appropriation to enhance transportation planning, right of way/public realm planning, and asset management which covers the costs associated with adding 3.5 FTE to support these services. The budget also includes \$75,000 in one-time General Fund money to study intersections identified by the Pedestrian Advisory Committee for pedestrian improvements. Further, the Mayor's recommended budget also includes capital transportation planning and engineering funding in the amount of \$386,000 to fund four engineering technician positions charged to capital projects and Public Works lab customers at two apiece.

## **Water Treatment and Distribution**

*Mayor's Recommended Budget:* The Mayor recommended no changes to this division's base program proposal.

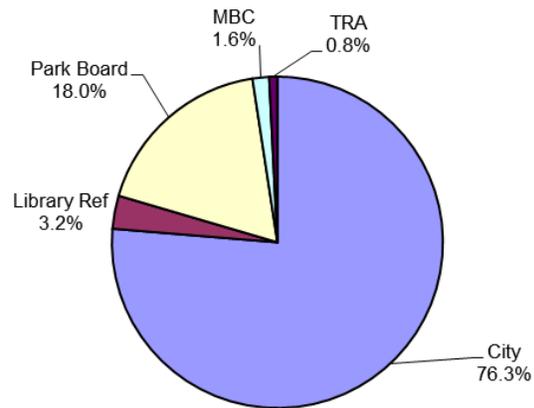
## **Regulatory Services**

*Mayor's Recommended Budget:* The Mayor recommended an additional ongoing General Fund appropriation for \$135,000 for 2 animal care technicians to allow animal control officers to spend increased time in the field, and \$185,000 (1.5 FTE) in funding from the special revenue fund for a homeowner navigator and community engagement program. In addition, the Mayor recommended \$300,000 (3 FTE) in additional appropriations for fire inspection services which is comprised of \$180,000 in ongoing appropriation and \$120,000 in one time funding. The Mayor also recommended a one-time general fund appropriation of \$30,000 for translation services.

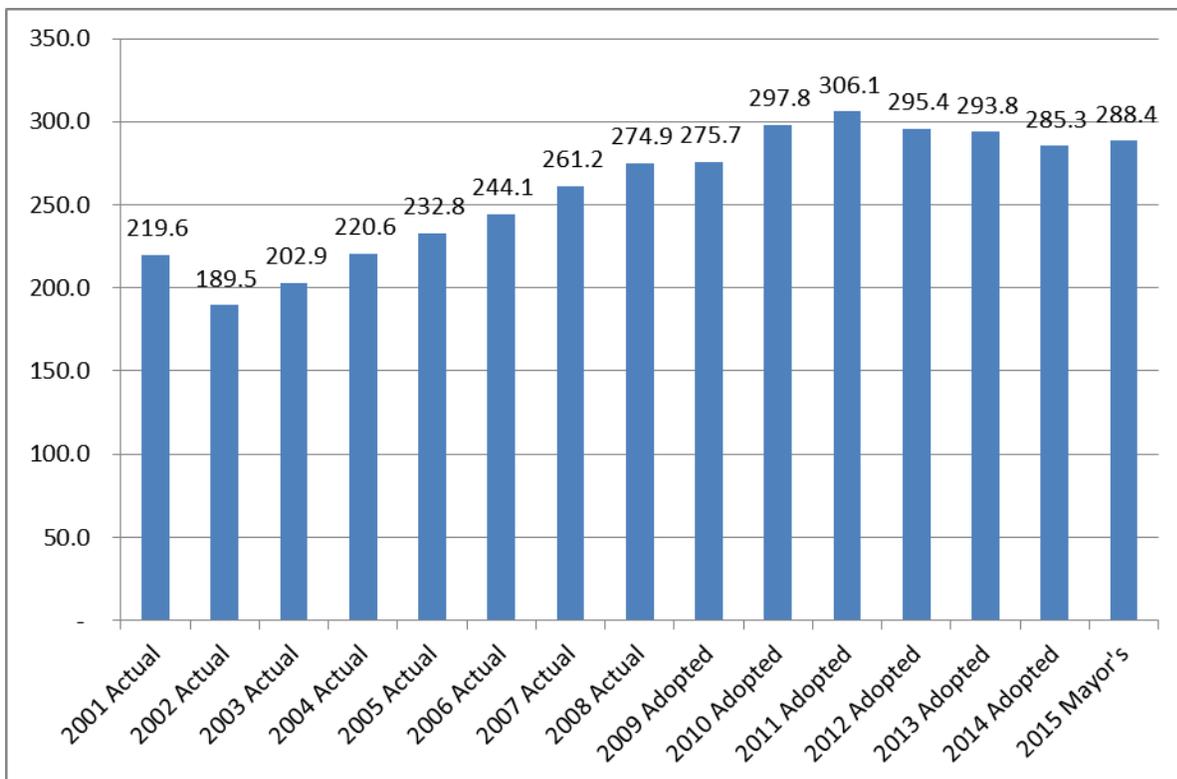
## Property Tax Revenue

The City's 2015 Mayor's Recommended Budget includes an estimated net tax capacity rate of 67.161%. This rate is the combined rate for the City, the Board of Estimate and Taxation, the Minneapolis Park and Recreation Board, and the Municipal Building Commission (MBC). The Library referendum is a \$9.3 million market value based tax levy with an estimated market value rate of 0.02573% for 2015 and is not included in the City's net tax capacity rate. These estimated tax rates will levy \$6.699 million more than the 2014 Council Adopted Budget.

Property Tax by Fund - \$288.4 Million



Property tax revenue in constant 2014 dollars\*



\*This revenue chart shows the trend of City revenues adjusted for inflation using the Consumer Price Index (CPI).

## Property Taxes on Individual Homes

Several factors beyond the change in amount levied affect the annual change in property tax owed on a particular property. These factors include the tax base composition within property classifications, the tax rate of the jurisdiction, growth or decline in the value of other properties within the jurisdiction, properties placed in tax increment financing districts, improvements to a property, as well as other factors. Each of these variables may change on a yearly basis, occasionally resulting in sizeable changes in the amounts of property taxes assessed to any one property. The table to the right shows the percentage of Minneapolis residential properties grouped according to changes in their estimated City tax impacts payable in 2015.

This table shows the estimated percentage tax change for City taxes from payable 2014 to payable 2015 with the Mayor's proposed tax levy increase.

Estimated Percentage Tax Change from Pay 2014 to Pay 2015 (City ONLY Portion)	Percentage of parcels in group*
more than - 15.00 %	1.55%
-10.00% to -15.00%	1.50%
-7.50% to -10.00%	10.58%
-5.00% to -7.50%	3.50%
-2.50% to -5.00%	17.97%
0.00% to -2.50%	21.62%
0.00% to 0.00%	0.00%
2.50% to 0.00%	16.66%
5.00% to 2.50%	10.72%
7.50% to 5.00%	8.57%
10.00% to 7.50%	4.44%
12.50% to 10.00%	1.63%
15.00% to 12.50%	0.76%
more than + 15.00 %	0.50%

## City Utility Fees

For 2015, the Mayor's recommended utility rates for water and sanitary sewer fees include both a variable rate component based on water usage and a fixed rate component based on the size of the water meter servicing the property. Stormwater fees will not increase in 2015. The table below provides a summary of the anticipated change in an average residential customer's utility bill from 2014 to 2015. For detailed information of these changes, please refer to the narratives within the Public Works Department sections of this document.

\*This table shows that 56.72% of homesteaded properties that have not had improvement between valuation dates for payable 2012 though payable 2015 (Jan 2, 2011 >> Jan 2, 2014) will have property tax decreases in the City portion of their property tax bill in 2015 as compared to their 2014 City property taxes.

### Combined Utility Bill Monthly and Annual cost for average customer

	2014	2015 Monthly Average*	2015 Annual Average	2015 monthly dollar change	2015 % change
<b>Water*</b>	\$25.74	\$26.59	\$319	\$0.85	3.3%
<b>Sanitary Sewer</b>	\$22.24	\$23.06	\$277	\$0.82	3.7%
<b>Stormwater</b>	\$11.94	\$11.94	\$143	\$0.00	0.0%
<b>Solid Waste/Recycling**</b>	\$22.60	\$26.60	\$319	\$4.00	17.7%
<b>Total</b>	\$82.52	\$88.19	\$1,058	\$5.67	6.9%

\*The average household rate for water is based on 7 units of consumption at \$3.37 per unit plus a \$3.00 fixed charge. Sanitary rates are based on 6 units of water consumption at \$3.21 per unit plus a fixed charge of \$3.80. Stormwater rates are based on 1 equivalent Stormwater unit of 1,530 square feet on impervious surface.

\*\*The solid waste rate is based on a \$21.60 monthly charge with a large recycling cart fee of \$5.00. Customers can substitute a small cart with a \$2.00 fee. The large increase in the monthly charge is due to incorporating organics recycling.

## **Franchise Fees**

Utility companies pay the City franchise fees for their use of the public right-of-way. Franchise fees are calculated as a percentage of each company's total utility revenues, so the amounts paid to the City vary. The 2015 Mayor's Recommended Budget anticipates the total franchise fee revenue will increase by \$2.1 million from the 2014 Council Adopted Budget, from \$26.9 million in 2014 to \$29.0 million in 2015. The increase in revenue is primarily due to the anticipated agreements with CenterPoint Energy related to the franchise fee for natural gas and with Xcel Energy related to the franchise fee for electricity.

There are three franchise agreements that provide revenue for the City. The franchise agreement with Xcel Energy for electricity requires the company to pay the City 5% of its gross revenues for Minneapolis residential service customers, 3% of gross revenues for Minneapolis commercial/industrial customers, and 5% of gross revenues for Minneapolis small commercial/industrial customers. The residential rate dropped to 4.5% of gross revenues beginning in 2014. In 2015, the Mayor's Recommended Budget anticipates Xcel will pay the City \$18.0 million from this agreement, up \$1.0 million from 2014.

The franchise agreement with CenterPoint Energy for natural gas requires the company to pay the City 4.25% of gross revenues for Minneapolis residential buildings with four units or less, 5% for small commercial/industrial/firm or "interruptible" customers (customers who have agreements to allow their service to be interrupted, generally during peak loads), and 3% for large volume interruptible customers. For 2015, the Mayor's Recommended Budget anticipates CenterPoint Energy will pay the City \$7.5 million from this agreement, an increase of \$1.0 million from 2014.

The City also maintains a cable television franchise agreement with Comcast that is anticipated to generate \$3.5 million for the City in 2015, a \$77,500 increase from 2014. Comcast also collects an "access fee" from subscribers to support public, educational and government (PEG) access programming. The City estimates that it will receive \$950,000 from Comcast for the access fee in 2015, a \$110,000 increase from 2014. There are ten PEG channels in the City of Minneapolis: four public, three educational and three government channels.

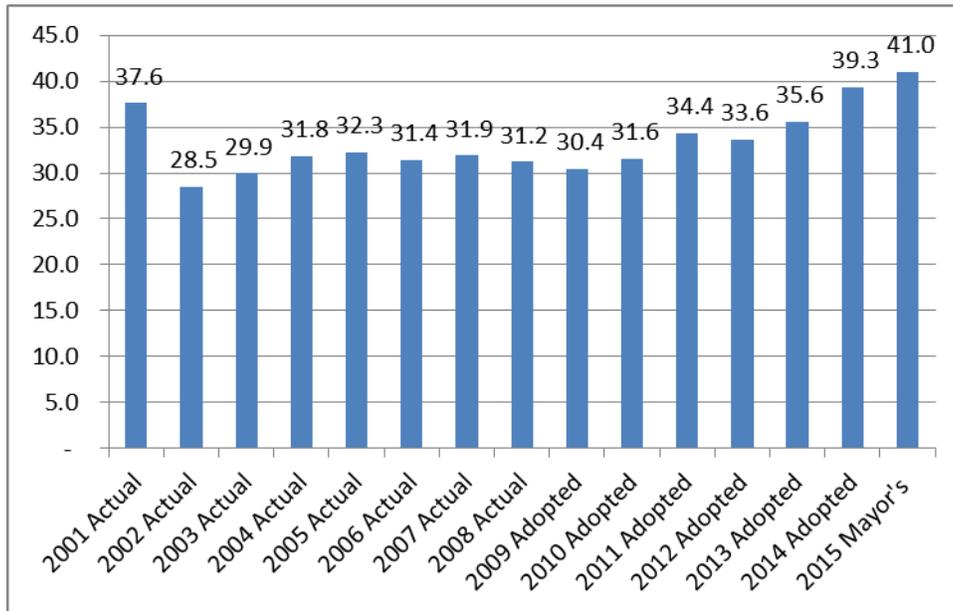
## **Community Development Block Grant**

The 2015 Mayor's Recommended Budget allocates \$10.7 million in CDBG funding for City programs, the same amount as 2014.

## License and Permit Fee Revenue

Revenue from City-issued licenses and permits is expected to increase from \$38.8 million in 2014 to \$41.0 million in 2015 primarily due to an increase in construction activities throughout the City.

**License and permit revenue in constant 2014 dollars (\$ in millions)**



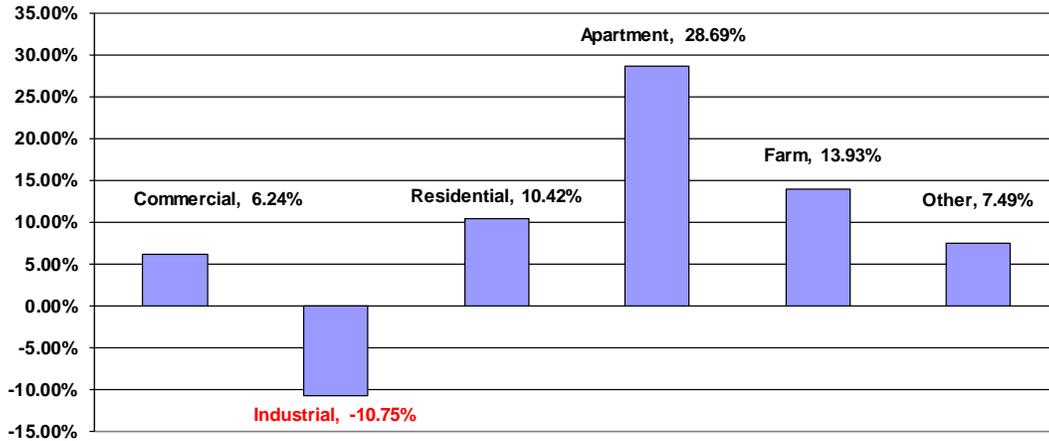
\*This revenue chart shows the trend of City revenues adjusted for inflation using the Consumer Price Index (CPI).

## Property Market Values and Tax Base Highlights

The following table shows the estimated market values and corresponding tax capacity by property group for the January 2, 2014 assessment utilized for property taxes payable in 2015 based on preliminary numbers.

Group	2014 Estimated Market Value	% of Total	% Change	Tax Capacity	% of Total	% Change
<b>Real Estate</b>						
Commercial	\$6,545,491,500	18.0%	6.14%	\$128,493,549	28.9%	6.24%
Industrial	1,183,526,600	3.3%	-9.92%	23,044,468	5.2%	-10.75%
Residential	23,520,080,100	64.6%	8.71%	228,901,268	51.5%	10.42%
Apartment	4,716,961,200	13.0%	27.80%	56,142,797	12.6%	28.69%
Farm	1,704,800	0.0%	13.93%	17,048	0.0%	13.93%
Other	18,995,100	0.1%	9.94%	253,247	0.1%	7.49%
<b>Sub Total</b>	<b>\$35,986,759,300</b>	<b>98.9%</b>	<b>9.63%</b>	<b>\$436,852,377</b>	<b>98.2%</b>	<b>9.78%</b>
<b>Personal Property</b>						
All	415,930,000	1.1%	1.00%	7,960,000	1.8%	1.05%
<b>Grand Total</b>	<b>\$36,402,689,300</b>	<b>100.0%</b>	<b>9.53%</b>	<b>\$444,812,377</b>	<b>100.0%</b>	<b>9.61%</b>

Estimated Change in Tax Capacity by Property Group



## Change in Tax Capacity by Group

The following table provides the estimated changes in tax increment financing, fiscal disparities contribution, and fiscal disparities distribution for taxes payable in 2015 based on preliminary numbers from the City and County assessors and the Board of Estimate and Taxation:

The table below provides the estimated changes in tax increment financing, fiscal disparities contribution, and fiscal disparities distribution for taxes payable in 2015 based on preliminary numbers.

<b>For Taxes Payable in 2015*</b>	
Real Estate Tax Capacity	\$436,852,377
Personal Property Tax Capacity	\$7,960,000
<b>Gross Tax Capacity</b>	<b>\$444,812,377</b>
- Less Increment Financing	(\$28,904,146)
- Less Value Captured Financing	(\$1,900,571)
- Less Fiscal Disparities Contribution	(\$51,741,779)
+ Plus Fiscal Disparities Distribution	\$49,817,942
<b>Adjusted Net Tax Capacity</b>	<b>\$412,083,823</b>

\* Property Values Jan 2, 2014

### Commercial and Industrial Trends

The City of Minneapolis maintains the highest concentration of commercial office buildings in the State of Minnesota and therefore is the largest contributor of revenue to the state general tax on a per city basis. Minneapolis's 2014 commercial/industrial market value is estimated at \$7.7 billion dollars, of which \$4.3 billion resides in the Minneapolis Central Business District (CBD). Between January 2013 and January 2014 the Minneapolis CBD experienced a respectable 5.3% increase in commercial market value. Industrial market values declined by 9.9% primarily due to the redevelopment and repurposing of several industrial buildings. The sites for the Vikings football stadium and Wells Fargo campus have been cleared and the projects are on schedule for completion in 2016.

### Apartments

The 2014 apartment market continues to outperform the other markets in Minneapolis with a 27.8% growth in market value over 2013. Marquette Advisors reports an increase in apartment vacancy rates from 2.2% to 5% in downtown Minneapolis between the first quarters of 2013 and 2014. The jump in vacancy is attributed to the high volume of new luxury apartments coming to market. While the vacancy rate is slightly higher than the metro area, the demand for apartments in Downtown, Uptown and the University of Minnesota neighborhoods remains strong. Apartment projects scheduled to open in 2014 are: Nic on Fifth with 253 units; Mill & Main with 162 units; LPM Apartments with 354 units, and Latitude 45 with 319 units.

### Residential

At year-end 2013, the inventory of foreclosures sales competing with traditional sales declined 39% from 2012. As foreclosures continue to exit the market, the negative impact these properties exhibit on neighborhoods diminishes. The housing market is "stable" with the job market and other economic sectors improving. The number of homes actively on the market is up 5% from the previous year and down 19% from the peak in 2006. The current volume of housing inventory on the market is a three-month supply which is considered "in balance,"

neither a buyer's market or a seller's market. Residential property values grew more than 8% in 2013, which will impact taxes payable in 2015.

The table below shows the overall growth or decline in the market value by the three main property type classifications for the tax year in which property taxes are paid from 2000 to 2015:

Taxes Payable in:	Change in Market Value for Taxes Payable Year-Over-Year		
	Commercial/Industrial	Residential	Apartment
2000	17.70%	9.50%	13.00%
2001	23.10%	16.00%	18.70%
2002	20.80%	23.40%	27.50%
2003	12.50%	15.40%	16.40%
2004	-5.50%	15.10%	14.10%
2005	3.00%	12.20%	6.50%
2006	11.40%	12.90%	6.80%
2007	11.80%	6.40%	-1.20%
2008	10.41%	2.63%	3.31%
2009	1.30%	-3.12%	1.82%
2010	-0.09%	-3.60%	0.53%
2011	-9.80%	-4.40%	-6.70%
2012	-4.50%	-9.10%	-5.20%
2013	0.46%	-5.37%	2.79%
2014	0.60%	0.65%	8.53%
2015	3.32%	8.71%	27.80%

Source: City Assessor's Office and Board of Estimate and Taxation

**2015 Mayor's Recommended Budget  
Property Tax Levies**

By Major Funds	2014 Adopted	2015 Mayor's Recommended Budget		
		2015 Levies	% Change from 2014	\$ Change from 2014
General Levies	\$278,404,000	\$285,103,000	2.41%	\$6,699,000
Special Levies Other*	\$3,321,000	\$3,321,000	0.00%	\$0
<b>Grand Totals</b>	<b>\$281,725,000</b>	<b>\$288,424,000</b>	<b>2.38%</b>	<b>\$6,699,000</b>

By Entity	2014 Adopted	2015 Mayor's Recommended Budget		
		2015 Levies	% Change from 2014	\$ Change from 2014
City**	\$215,904,000	\$220,114,000	1.95%	\$4,210,000
Municipal Building Commission	\$4,594,000	\$4,675,000	1.76%	\$81,000
Park Board	\$49,627,000	\$52,035,000	4.85%	\$2,408,000
Library Referendum***	\$9,300,000	\$9,300,000	0.00%	\$0
Teachers' Retirement	\$2,300,000	\$2,300,000	0.00%	\$0
<b>Grand Totals</b>	<b>\$281,725,000</b>	<b>\$288,424,000</b>	<b>2.38%</b>	<b>\$6,699,000</b>

\* Special Levies other Include; Chapter 595 (HRA), Teachers' Retirement

\*\* Includes General Fund, Permanent Improvement, Bond Redemption, Board of Estimate & Taxation, and closed pension funds (MERF, MPRA, MFRA) & HRA Levies

\*\*\*This remains a City obligation after the Library System consolidation

**2015 Mayor's Recommended Budget  
Property Tax Levies**

Levy Only Entities	2014 Adopted	2015 Mayor's Recommended Budget		
		2015 Levies	% Change from 2014	\$ Change from 2014
Teachers Retirement	\$2,300,000	\$2,300,000	0.00%	\$0
Library Referendum	\$9,300,000	\$9,300,000	0.00%	\$0
Board Estimate & Taxation	\$170,000	\$160,000	-5.88%	(\$10,000)
Perm. Imp Fund	\$1,000,000	\$1,000,000	0.00%	\$0
Bond Redemption Fund	\$29,300,000	\$35,900,000	22.53%	\$6,600,000
MERF	\$18,150,000	\$18,150,000	0.00%	\$0
MFRA	\$2,745,000	\$2,745,000	0.00%	\$0
MPRA	\$6,415,000	\$6,415,000	0.00%	\$0
Municipal Building Commission	\$4,594,000	\$4,675,000	1.76%	\$81,000
Park & Recreation Board	\$49,627,000	\$52,035,000	4.85%	\$2,408,000
General Fund Levy*	\$158,124,000	\$155,744,000	-1.51%	(\$2,380,000)
<b>Grand Totals</b>	<b>\$281,725,000</b>	<b>\$288,424,000</b>	<b>2.38%</b>	<b>\$6,699,000</b>

\* Includes the Chapter 595 (HRA) Levy

## Residential Property Tax – Sample Bills

### Residential Property Levy & Utility Fee Estimated Impact

with Estimated Market Value Change of >>

		0.0%				5.0%				10.0%				15.0%			
		2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change
Assessed Market Value (MV)	\$130,000	\$130,000	\$130,000	0.0%	\$0	\$136,500	5.0%	\$6,500	\$143,000	10.0%	\$13,000	\$149,500	15.0%	\$19,500			
Market Value Credit Exclusion	(\$25,540)	(\$25,540)	(\$25,540)	0.0%	\$0	(\$24,955)	-2.3%	\$585	(\$24,370)	-4.6%	\$1,170	(\$23,785)	-6.9%	\$1,755			
Taxable Value	\$104,460	\$104,460	\$104,460	0.0%	\$0	\$111,545	6.8%	\$7,085	\$118,630	13.6%	\$14,170	\$125,715	20.3%	\$21,255			
Tax Capacity	\$1,045	\$1,045	\$1,045	0.0%	\$0	\$1,115	6.8%	\$71	\$1,186	13.6%	\$142	\$1,257	20.3%	\$213			
<b>City Property Taxes</b>																	
Tax Capacity based Taxes	\$750	\$693	\$693	-7.6%	(\$57)	\$740	-1.3%	(\$10)	\$787	4.9%	\$37	\$834	11.2%	\$84			
MV Referendum Tax	\$37	\$33	\$33	-8.7%	(\$3)	\$35	-4.1%	(\$2)	\$37	0.5%	\$0	\$38	5.1%	\$2			
<b>Total City Property Taxes</b>	<b>\$787</b>	<b>\$726</b>	<b>\$726</b>	<b>-7.6%</b>	<b>(\$60)</b>	<b>\$775</b>	<b>-1.5%</b>	<b>(\$12)</b>	<b>\$824</b>	<b>4.7%</b>	<b>\$37</b>	<b>\$872</b>	<b>10.9%</b>	<b>\$86</b>			
<b>Utility Fees</b>																	
Water	\$309	\$319	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10			
Storm	\$143	\$143	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0			
Sanitary Sewer	\$267	\$277	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10			
Solid Waste Recycling	\$271	\$319	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48			
<b>Total Utilities</b>	<b>\$990</b>	<b>\$1,058</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>			
<b>Total City Property Taxes &amp; Utility</b>	<b>\$1,777</b>	<b>\$1,784</b>	<b>\$1,784</b>	<b>0.4%</b>	<b>\$8</b>	<b>\$1,833</b>	<b>3.2%</b>	<b>\$57</b>	<b>\$1,882</b>	<b>5.9%</b>	<b>\$105</b>	<b>\$1,930</b>	<b>8.7%</b>	<b>\$154</b>			

### Residential Property Levy & Utility Fee Estimated Impact

with Estimated Market Value Change of >>

		0.0%				5.0%				10.0%				15.0%			
		2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change
Assessed Market Value (MV)	\$175,000	\$175,000	\$175,000	0.0%	\$0	\$183,750	5.0%	\$8,750	\$192,500	10.0%	\$17,500	\$201,250	15.0%	\$26,250			
Market Value Credit Exclusion	(\$21,490)	(\$21,490)	(\$21,490)	0.0%	\$0	(\$20,703)	-3.7%	\$788	(\$19,915)	-7.3%	\$1,575	(\$19,128)	-11.0%	\$2,363			
Taxable Value	\$153,510	\$153,510	\$153,510	0.0%	\$0	\$163,048	6.2%	\$9,538	\$172,585	12.4%	\$19,075	\$182,123	18.6%	\$28,613			
Tax Capacity	\$1,535	\$1,535	\$1,535	0.0%	\$0	\$1,630	6.2%	\$95	\$1,726	12.4%	\$191	\$1,821	18.6%	\$286			
<b>City Property Taxes</b>																	
Tax Capacity based Taxes	\$1,102	\$1,019	\$1,019	-7.5%	(\$83)	\$1,082	-1.8%	(\$20)	\$1,145	3.9%	\$43	\$1,209	9.7%	\$107			
MV Referendum Tax	\$49	\$45	\$45	-8.7%	(\$4)	\$47	-4.1%	(\$2)	\$50	0.5%	\$0	\$52	5.0%	\$2			
<b>Total City Property Taxes</b>	<b>\$1,151</b>	<b>\$1,064</b>	<b>\$1,064</b>	<b>-7.6%</b>	<b>(\$87)</b>	<b>\$1,129</b>	<b>-1.9%</b>	<b>(\$22)</b>	<b>\$1,195</b>	<b>3.8%</b>	<b>\$43</b>	<b>\$1,261</b>	<b>9.5%</b>	<b>\$109</b>			
<b>Utility Fees</b>																	
Water	\$309	\$319	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10			
Storm	\$143	\$143	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0			
Sanitary Sewer	\$267	\$277	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10			
Solid Waste Recycling	\$271	\$319	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48			
<b>Total Utilities</b>	<b>\$990</b>	<b>\$1,058</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>			
<b>Total City Property Taxes &amp; Utility</b>	<b>\$2,141</b>	<b>\$2,122</b>	<b>\$2,122</b>	<b>-0.9%</b>	<b>(\$19)</b>	<b>\$2,187</b>	<b>2.1%</b>	<b>\$46</b>	<b>\$2,253</b>	<b>5.2%</b>	<b>\$111</b>	<b>\$2,319</b>	<b>8.3%</b>	<b>\$177</b>			

**Residential Property Levy & Utility Fee Estimated Impact**

**2015**

with Estimated Market Value Change of >>

	0.0%				5.0%				10.0%				15.0%			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change
Assessed Market Value (MV)	\$240,000	\$240,000	0.0%	\$0	\$252,000	5.0%	\$12,000	\$284,000	10.0%	\$24,000	\$276,000	15.0%	\$36,000			
Market Value Credit Exclusion	(\$15,640)	(\$15,640)	0.0%	\$0	(\$14,560)	-6.9%	\$1,080	(\$13,480)	-13.8%	\$2,160	(\$12,400)	-20.7%	\$3,240			
Taxable Value	\$224,360	\$224,360	0.0%	\$0	\$237,440	5.8%	\$13,080	\$250,520	11.7%	\$26,160	\$263,600	17.5%	\$39,240			
Tax Capacity	\$2,244	\$2,244	0.0%	\$0	\$2,374	5.8%	\$131	\$2,505	11.7%	\$262	\$2,636	17.5%	\$392			
<b>City Property Taxes</b>																
Tax Capacity based Taxes	\$1,611	\$1,489	-7.6%	(\$122)	\$1,576	-2.2%	(\$35)	\$1,663	3.2%	\$52	\$1,749	8.6%	\$138			
MV Referendum Tax	\$68	\$62	-8.7%	(\$6)	\$65	-4.1%	(\$3)	\$68	0.5%	\$0	\$71	5.0%	\$3			
<b>Total City Property Taxes</b>	<b>\$1,679</b>	<b>\$1,551</b>	<b>-7.6%</b>	<b>(\$128)</b>	<b>\$1,641</b>	<b>-2.3%</b>	<b>(\$38)</b>	<b>\$1,731</b>	<b>3.1%</b>	<b>\$52</b>	<b>\$1,820</b>	<b>8.4%</b>	<b>\$141</b>			
<b>Utility Fees</b>																
Water	\$309	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10			
Storm	\$143	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0			
Sanitary Sewer	\$267	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10			
Solid Waste Recycling	\$271	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48			
<b>Total Utilities</b>	<b>\$990</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>			
<b>Total City Property Taxes &amp; Utility</b>	<b>\$2,669</b>	<b>\$2,609</b>	<b>-2.2%</b>	<b>(\$60)</b>	<b>\$2,699</b>	<b>1.1%</b>	<b>\$30</b>	<b>\$2,789</b>	<b>4.5%</b>	<b>\$120</b>	<b>\$2,878</b>	<b>7.8%</b>	<b>\$209</b>			

**Residential Property Levy & Utility Fee Estimated Impact**

**2015**

with Estimated Market Value Change of >>

	0.0%				5.0%				10.0%				15.0%			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change
Assessed Market Value (MV)	\$350,000	\$350,000	0.0%	\$0	\$367,500	5.0%	\$17,500	\$385,000	10.0%	\$35,000	\$402,500	15.0%	\$52,500			
Market Value Credit Exclusion	(\$5,740)	(\$5,740)	0.0%	\$0	(\$4,165)	-27.4%	\$1,575	(\$2,590)	-54.9%	\$3,150	(\$1,015)	-82.3%	\$4,725			
Taxable Value	\$344,260	\$344,260	0.0%	\$0	\$363,335	5.5%	\$19,075	\$382,410	11.1%	\$38,150	\$401,485	16.6%	\$57,225			
Tax Capacity	\$3,443	\$3,443	0.0%	\$0	\$3,633	5.5%	\$191	\$3,824	11.1%	\$382	\$4,015	16.6%	\$572			
<b>City Property Taxes</b>																
Tax Capacity based Taxes	\$2,472	\$2,285	-7.6%	(\$187)	\$2,411	-2.5%	(\$61)	\$2,538	2.7%	\$66	\$2,664	7.8%	\$192			
MV Referendum Tax	\$99	\$90	-8.7%	(\$9)	\$95	-4.1%	(\$4)	\$99	0.5%	\$0	\$104	5.0%	\$5			
<b>Total City Property Taxes</b>	<b>\$2,571</b>	<b>\$2,375</b>	<b>-7.6%</b>	<b>(\$196)</b>	<b>\$2,506</b>	<b>-2.5%</b>	<b>(\$65)</b>	<b>\$2,637</b>	<b>2.6%</b>	<b>\$66</b>	<b>\$2,768</b>	<b>7.7%</b>	<b>\$197</b>			
<b>Utility Fees</b>																
Water	\$309	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10	\$319	3.2%	\$10			
Storm	\$143	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0	\$143	0.0%	\$0			
Sanitary Sewer	\$267	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10	\$277	3.7%	\$10			
Solid Waste Recycling	\$271	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48	\$319	17.7%	\$48			
<b>Total Utilities</b>	<b>\$990</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>	<b>\$1,058</b>	<b>6.9%</b>	<b>\$68</b>			
<b>Total City Property Taxes &amp; Utility</b>	<b>\$3,561</b>	<b>\$3,433</b>	<b>-3.6%</b>	<b>(\$128)</b>	<b>\$3,564</b>	<b>0.1%</b>	<b>\$3</b>	<b>\$3,695</b>	<b>3.8%</b>	<b>\$134</b>	<b>\$3,826</b>	<b>7.4%</b>	<b>\$265</b>			

## Commercial/Industrial and Apartment Property Tax – Sample Bills

<b>Commercial/Industrial Property with an Estimated Pay 2015 Market Value Change of</b>											
	<b>0.00%</b>				<b>5.00%</b>			<b>10.00%</b>			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	
Assessed Market Value ( MV )	\$275,000	\$275,000	0.00%	\$0	\$288,750	5.00%	\$13,750	\$302,500	10.00%	\$27,500	
Tax Capacity	\$4,750	\$4,750	0.00%	\$0	\$5,025	5.79%	\$275	\$5,300	11.58%	\$550	
<b>Total City Property Taxes</b>	<b>\$2,402</b>	<b>\$2,218</b>	<b>-7.68%</b>	<b>(\$185)</b>	<b>\$2,346</b>	<b>-2.36%</b>	<b>(\$57)</b>	<b>\$2,473</b>	<b>2.96%</b>	<b>\$71</b>	

<b>Commercial/Industrial Property with an Estimated Pay 2015 Market Value Change of</b>											
	<b>0.00%</b>				<b>5.00%</b>			<b>10.00%</b>			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	
Assessed Market Value ( MV )	\$10,375,000	\$10,375,000	0.00%	\$0	\$10,893,750	5.00%	\$518,750	\$11,412,500	10.00%	\$1,037,500	
Tax Capacity	\$206,750	\$206,750	0.00%	\$0	\$217,125	5.02%	\$10,375	\$227,500	10.04%	\$20,750	
<b>Total City Property Taxes</b>	<b>\$104,115</b>	<b>\$96,123</b>	<b>-7.68%</b>	<b>(\$7,993)</b>	<b>\$100,946</b>	<b>-3.04%</b>	<b>(\$3,169)</b>	<b>\$105,769</b>	<b>1.59%</b>	<b>\$1,654</b>	

<b>Apartment Property with an Estimated Pay 2015 Market Value Change of</b>											
	<b>0.00%</b>				<b>5.00%</b>			<b>10.00%</b>			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	
Assessed Market Value ( MV )	\$404,000	\$404,000	0.00%	\$0	\$424,200	5.00%	\$20,200	\$444,400	10.00%	\$40,400	
Tax Capacity	\$5,050	\$5,050	0.00%	\$0	\$5,303	5.00%	\$253	\$5,555	10.00%	\$505	
<b>Total City Property Taxes</b>	<b>\$2,586</b>	<b>\$2,387</b>	<b>-7.69%</b>	<b>(\$199)</b>	<b>\$2,506</b>	<b>-3.08%</b>	<b>(\$80)</b>	<b>\$2,625</b>	<b>1.54%</b>	<b>\$40</b>	

<b>Apartment Property with an Estimated Pay 2015 Market Value Change of</b>											
	<b>0.00%</b>				<b>5.00%</b>			<b>10.00%</b>			
	2014	2015	% Change	\$ Change	2015	% Change	\$ Change	2015	% Change	\$ Change	
Assessed Market Value ( MV )	\$722,000	\$722,000	0.00%	\$0	\$758,100	5.00%	\$36,100	\$794,200	10.00%	\$72,200	
Tax Capacity	\$9,025	\$9,025	0.00%	\$0	\$9,476	5.00%	\$451	\$9,928	10.00%	\$903	
<b>Total City Property Taxes</b>	<b>\$4,621</b>	<b>\$4,265</b>	<b>-7.69%</b>	<b>(\$355)</b>	<b>\$4,478</b>	<b>-3.08%</b>	<b>(\$142)</b>	<b>\$4,692</b>	<b>1.54%</b>	<b>\$71</b>	