
Overview of Mayor's 2012 Recommended Budget

**Prepared by
the Finance Department
September 19, 2011**

Agenda – Summary of Presentation

1. Major highlights
2. Financial Overview – total city budget
3. Major budget pressures
4. Property Taxes and taxpayer impacts
5. Major Initiatives
6. Financial Policies
7. General Fund
8. Special Revenue Funds (CDBG and Convention Center)

Agenda – Summary of Presentation

9. Enterprise Funds (Sewer, Water, Solid Waste, and Parking)
10. Internal Service Funds (Intergovernmental, Equipment, and Self Insurance)
11. Capital program overview
12. Summary of remaining budget process and opportunity for public input

Major Highlights

November 30, 6:05 p.m. Public Comment
December 14, 6:05 p.m. Public Hearing

Major Highlights

- Mayor recommended no increase to property tax levy as did the Park Board.
- Mayor's recommended Budget is \$1.198 billion, a \$10 million or 0.9% decrease from the 2011.
- Under the adopted shared revenue policy, overt policy decision to increase base funding for Fire Department by \$1.1 million.

Major Highlights



- The Mayor's Recommended Budget redeems the remaining principal on \$114 million originally issued in pension bonds for MERF and MPRA. Payoffs include \$37.2 million in December of 2011 and \$50.5 million in 2012, saving \$48.6 million in future interest costs on 5.8% coupon bonds.
- The recommended budget five-year financial plan maintains structural balance in all five years.
- LGA at the certified 2012 level, 2011 levels before waterfall reductions
- No recommendations on CDBG funding – positions remain in department budgets for planning purposes

Major Highlights



- Capital Budget includes funding for major initiatives related to street paving, traffic control and development infrastructure.
- Transfers not included in overview numbers
- State authorized financing for Target Center and neighborhoods
 - Recapture value of 50% of properties of former TIF district for Transformation District, add remainder to City tax base for 2012 & 2013 for property tax relief
 - Combined funding for Target Center Debt and Neighborhood Revitalization Purposes is \$5 million in 2012-3 and \$10.2-\$11.1 million from 2014-2020

Financial Overview

Financial Overview

Budget Book Page 69

- **\$1.198 Billion Budget**
 - Spending level decreases by \$10 million from 2011 Adopted Budget
- **4,814 Positions (3,650 City only)**
 - Reduction of 104 City positions from 2011 adopted level
 - Reduction of 450 City positions from 2009 revised level

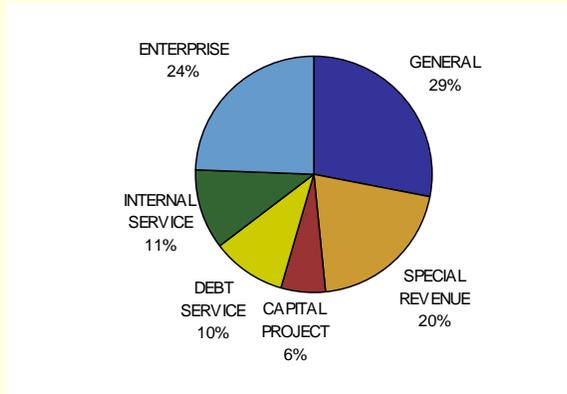
Financial Overview

Budget Book Page 77

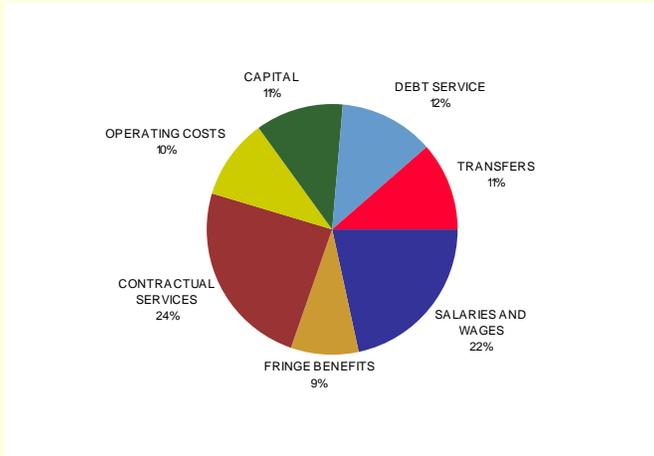


- **City General Fund:** police, fire, public works, inspections/licenses, other departments
- **Enterprise Funds:** sewer, water, parking, solid waste, stormwater, park operations
- **Internal Service Funds:** equipment, information technology, property services, self insurance
- **Special Revenue Funds:** convention center, federal/state grants
- **Capital/Debt Funds:** includes governmental related capital and debt - not the proprietary funds
- **Independent Boards:** Park, Building Commission, Board of Estimate

Mayor's Recommended 2012 Budget
Expenditures by Fund Category
\$1.20 Billion
 Budget Book Page 78

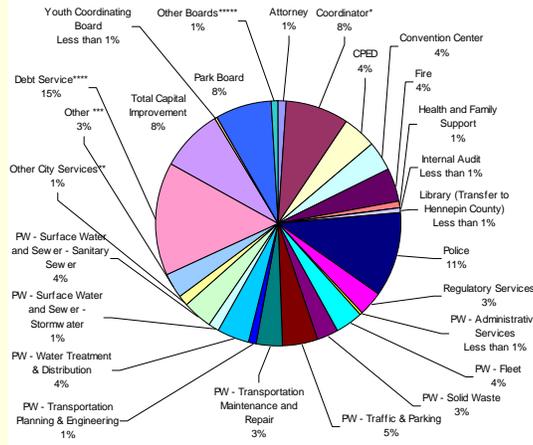


Mayor's Recommended 2012 Budget
Expenditures by Major Type
\$1.20 Billion
 Budget Book Page 79



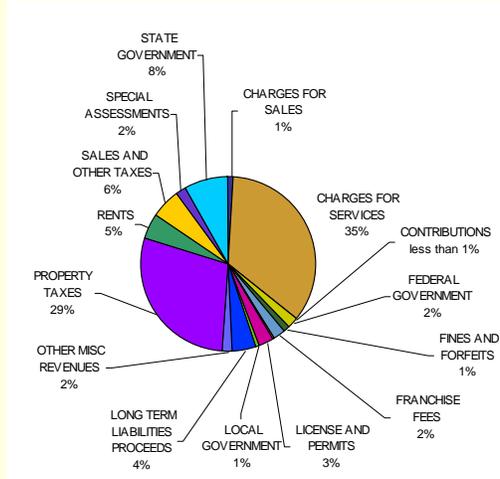
*The Capital category includes capital improvements in the City's Capital Program as well as capital expenditures within operating departments.

Mayor's Recommended 2012 Budget
Expenditures by Major Functions
\$1.20 Billion
 Budget Book Page 72



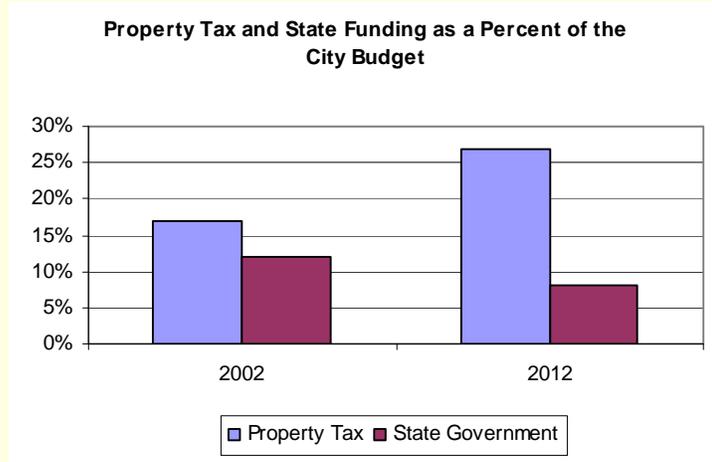
*Includes Human Resources, Finance, 311, 911, Emergency Management, Intergovernmental Relations, Communications, Neighborhood and Community Relations and BIS
 **Includes Assessor, City Clerk/Elections/Council, Civil Rights & Mayor
 ***Includes Non-departmental, Health and Welfare, Workers' Compensation, Liability, Contingency and Pensions
 ****Does not include debt service paid directly from proprietary funds or by independent boards
 ***** Includes the Board of Estimate and Taxation, Municipal Building Commission, and the City allocation to the Minneapolis Public Housing Authority.

Mayor's Recommended 2012 Budget
Revenues by Major Sources
\$1.14 Billion
 Budget Book Page 74

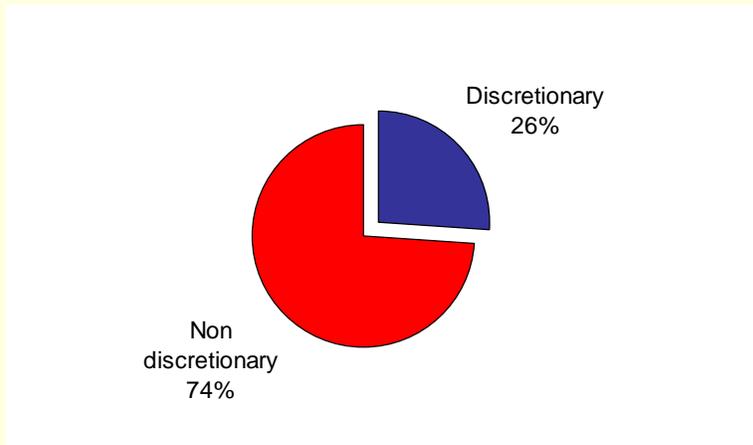


Other Misc Revenues includes gains, contributions, misc, revenues and proceeds from long-term liabilities

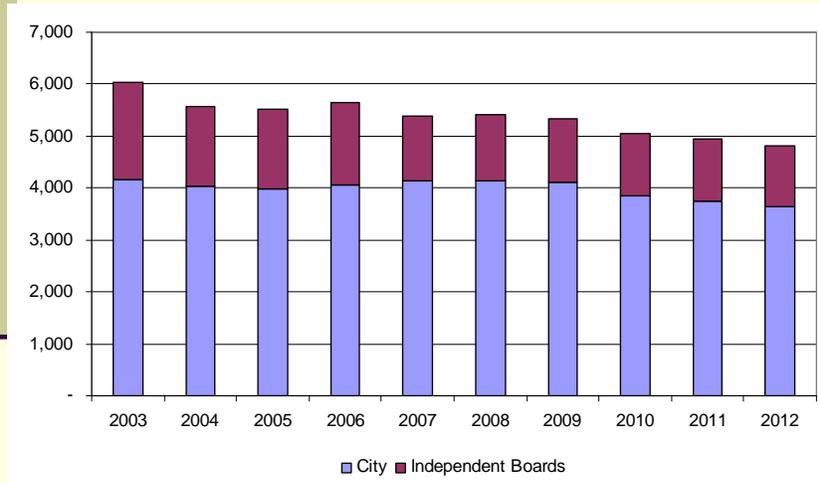
Property Taxes vs. State Government Funding 2002 vs. 2012



Resource Flexibility (What Funding has Strings Attached?) 2012, All Funds



Historical FTE levels



Major Budget Pressures

Major Budget Pressures

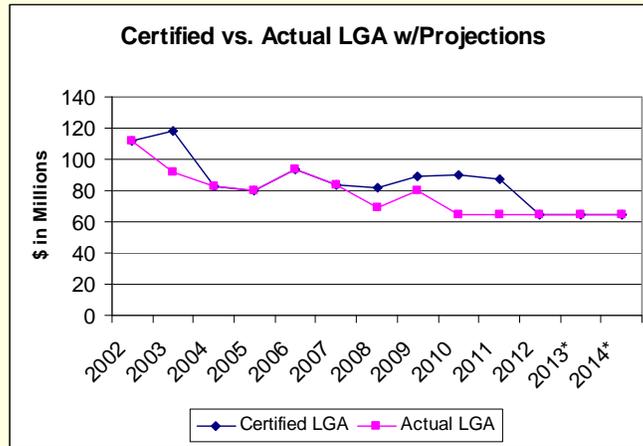
- Funding for pension liabilities
 - MPRA and MFRA have approved Legislature's plan to merge into PERA. If final approval is granted, it reduces the City's 2012 obligations by \$20.5 million, with costs decreasing by \$17.8 million from 2011 levels.
 - MERF property tax levy increases by \$15 million.
 - Total pension levies for the closed funds have a net drop from \$23 million to \$20.1 million.
- Funding for internal service funds long-term financial plans
 - The Mayor's Recommended Budget winds down General Fund support for internal service funds by 2016, consistent with aggregate plan.

Major Budget Pressures

- Salaries and wages
 - Total personnel expenditures are slightly reduced from 2011 (\$409 million total)
 - Growth in salary and wages are budgeted at 0% in 2012
- Benefits
 - Health and dental insurance expenditures are budgeted to increase from \$57.8 million to \$59.5 million due to personnel reductions
 - Growth in health insurance per person is 4% in 2011

Major Budget Pressures

Local Government Aid Reductions



*2013 and 2014 are projected numbers.

Major Budget Pressures

Budget Book Page 79

- Technology funding
 - For 2012, a total of \$1.3 million in technology projects funded through property tax supported debt (\$5.3 million in 5-year plan).
 - Funding the ongoing operating costs for new technology requires other cost reductions.

Wireless Commitment



Fund	2012 Charge by fund
General Fund	484,444
Convention Center Fund	70,047
CPED Operating Fund	6,842
Engineering Materials & Testing Fund	1,794
Equipment Fund	55,190
Property Services Fund	26,979
Stores Fund	1,471
Intergovernmental Services Fund	41,450
Self Insurance Fund	10,656
Sanitary Sewer Fund	53,561
Stormwater Fund	28,206
Water Fund	62,057
Parking Fund	52,482
Solid Waste Fund	42,971
Grand Total	938,150

Mayor's Recommended 2012 Budget

Major Budget Pressures

Budget Book Page 79

- **Payment of outstanding bond obligations**
 - \$181.8 million in estimated principal and interest payments for 2012, as compared to \$169.2 million in 2011
 - This represents 15.5% of the City's total budget
 - Budget includes full funding for all bond obligations
- **Funding for City infrastructure**
 - \$99 million in 2012; \$640 million over five years, including a \$57 million NDB increase in the five-year plan
- **Obligation to Hennepin County for libraries**
 - \$9.3 million market value referendum through 2030
 - \$5 million in 2012, with declining operating contribution through 2017

Property Taxes

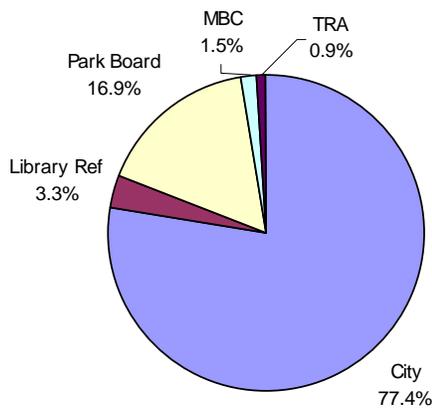
Includes Taxpayer Impacts

Mayor's Recommended 2012 Budget

Property Tax Levies by Entity

Budget Book Page 98

Property Tax by Fund - \$279.6 Million



*City includes BET, pension, library operating transfer, capital and debt levies

2012 Property Tax Levies

Budget Book Page 108

- City levy is down 0.1% to \$216.4 million
- Park Board levy is constant at \$47.2 million
- Minneapolis Public Housing Authority does not have a levy in 2012 and beyond
- Library referendum levy constant at \$9.3 million
- Teacher's Retirement Association levy is increased to \$2.5 million
- Net combined levies are **FLAT** from 2011 at \$279.6 million

Property Taxpayer Impacts

Budget Book Page 104

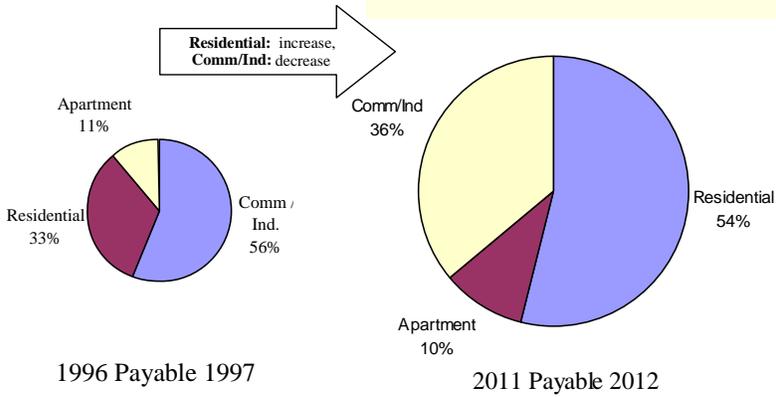
- Impacts depend on five key factors:
 - Individual property value
 - Value of other properties in the City
 - Value of properties within tax increment districts
 - Tax rate
 - Market Value Exclusion Program



Mayor's Recommended 2012 Budget

Property Tax Shift

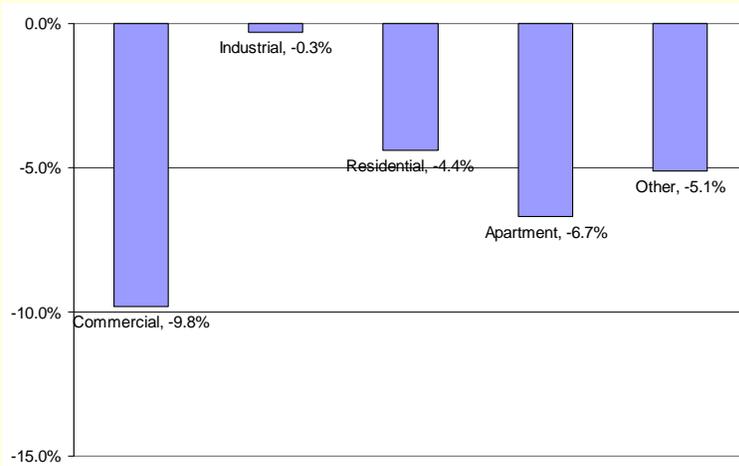
Budget Book Page 106



Mayor's Recommended 2012 Budget

Change in Tax Capacity for Taxes Payable 2012

Budget Book Page 104



Market Value Homestead Programs

- Prior to 2010, State provided aid to offset tax relief program called the Market Value Homestead Credit.
- In 2010, the State eliminated the funding for this offset, reducing the City's budget by \$6.3M
- In the 2011 Legislative session, program was reformatted to be the Market Value Exclusion Program—which shifts burden to higher valued homes and all other properties

What does revenue increase “feel like” to taxpayer?

- Factors affecting actual property tax: market value, market value exclusion program, citywide tax base, tax increment districts, levy
- Mayor's proposal has no levy increase
- Combining all factors, almost 2/3 of residential Minneapolis property taxpayers will see their City portion of their taxes drop in 2012.

Mayor's Recommended 2012 Budget

Property tax scenario on typical family home assessed at \$195,200 in 2012 with a declining market value of 5%

Budget Book Page 111

	2011	2012	Percent Change	Dollar Change
Assessed Market Value (MV)	\$216,000	\$205,200	-5.0%	(\$10,800)
Market Value Credit Exclusion	\$0	(\$18,772)		
Taxable Value	\$216,000	\$186,428	-13.7%	(\$29,572)
Tax Capacity	\$2,160	\$1,864	-13.7%	(\$296)
City Property Taxes				
Tax Capacity-Based Taxes	\$1,383	\$1,360	-1.7%	(\$23)
MV Referendum Tax	\$58	\$57	-1.7%	(\$1)
Total City Property Taxes	\$1,441	\$1,417	-1.7%	(\$24)

Major Initiatives

Mayor's Recommended 2012 Budget

Major Initiatives

Budget Book Pages 20-23, 26, 70, 71, 115

- Increased capital funding
- 0% levy increase for 2012
- Pension debt retired (MERF + MPRA)
- Priority budgeting implementation



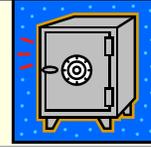
Mayor's Recommended 2012 Budget

Public Works Utility Fees

Financial Overview – Budget Book Page 102

- **Stormwater, Sanitary Sewer and Water Utility Fee increases**
 - \$0.16 per 100 cubic feet for water; average monthly charge per residential dwelling is \$26.88 (based on average usage of 800 cubic feet)
 - \$0.32 per 100 cubic feet for sanitary sewer; average monthly charge is \$20.22 (based on average usage of 600 cubic feet)
 - \$0.28 per equivalent stormwater unit for stormwater services; average monthly charge is \$11.70
- **Solid Waste and Recycling Fee**
 - \$24, the average monthly charge per dwelling

Fund Balance & Contingency



- Fund Balance
 - 15% annual reserve amount
 - Serves as cash flow and budgetary reserve – minimums established in Financial Policies by fund
 - One-time in nature—when it's spent, it's gone
- Operating Contingency
 - Annual amount for unforeseen expenses – 1% of general fund budget
 - Must be appropriated by Council
 - Unspent balances help City meet its fund balance requirements

Financial Policies

Financial Policies

- This section is comprised of the Financial Policies of the City:
 - Financial Management Policies
 - Administrative Policies
 - Capital & Debt Policies
 - Transfer Policies



Financial Policies



- **New In 2012**
 - Central Requisitions and Receiving Policy
 - City Time Reporting Policy

General Fund

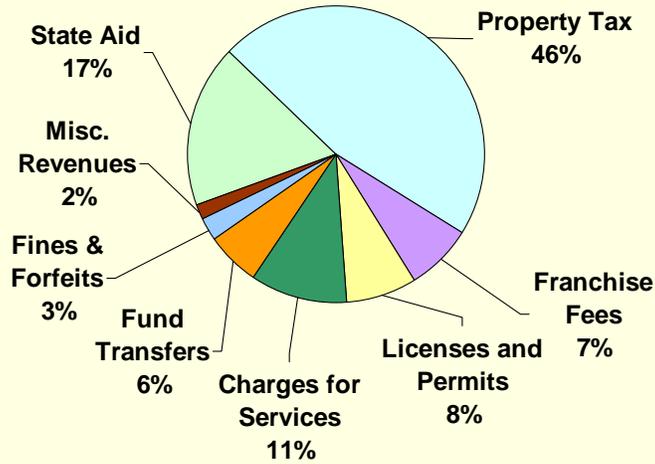
Mayor's Recommended 2012 Budget

General Fund

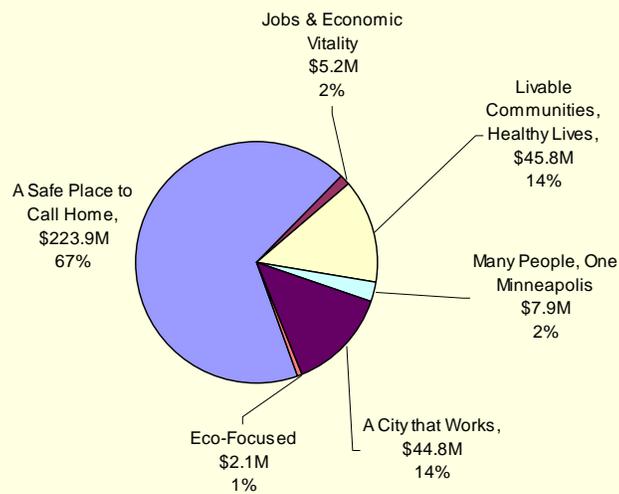
Budget Book Page 78, 115 & 116

- \$379.6 million, or 29% of total budget
 - Property taxes provide 46.7% of the revenue (29% in 2003 before the LGA cut)
 - State Aid provides 17.6% of the revenue (40% in 2003 before the LGA cut)
- Accounts for general city services, including fire, police, inspections, licensing, and public works (street maintenance, snow/ice, etc.)

Mayor's Recommended 2012 Budget
 General Fund - Source of Funds by Category
 (\$379.6 Million)



Mayor's Recommended 2012 Budget
 General Fund Expense by Goal (\$379.6 million)



Mayor's 2012 Recommended Budget

Five-Year Financial Direction 2013-2017

Presentation to follow

Budget Book pages 115-139

Operating Department Summaries

Includes funding from all sources

City Goals

- A Safe Place to Call Home 
- Livable Communities, Healthy Lives 
- Eco-Focused 
- Jobs & Economic Vitality 
- Many People, One Minneapolis 
- A City that Works 

Mayor's Recommended 2012 Budget

Assessor, \$4.2 million

Budget Book pages 246-250

- The Mayor recommends no reductions from 2011 spending levels.
- 35 FTEs



Mayor's Recommended 2012 Budget

Attorney, \$14.2 million

Budget Book pages 251-256

The Mayor recommends:

- Reduction of \$300,000 from 2011 spending levels.
- 103 FTEs
- Non-general fund dollars support Client Services Teams, which provides advice to City departments and independent boards.
- Department requested \$50,000 CDBG funds.



Mayor's Recommended 2012 Budget

Coordinator Administration, \$1.5 million

Budget Book Page 273

■ Mayor recommends:

- 5%/\$18k reduction to programs
- Total revenue = \$0
- 9 FTE



Mayor's Recommended 2012 Budget

311, \$3.1 million

Budget Book Page 278

- Program funded at current operations level
- Division of City Coordinator Administration
- 28 FTE



Mayor's Recommended 2012 Budget

911, \$7.9 million

Budget Book Page 282

- Division of Coordinator Administration
- Program funded at current operations level.
- Revenue: \$556,000 in 911 surcharge fees collected
- 78 FTE



Mayor's Recommended 2012 Budget

Emergency Management, \$3.6 million

Budget Book Page 286

- Division of Coordinator Administration
- Program funded at current operations level.
- 4 FTE



Mayor's Recommended 2012 Budget

Business Information Services, \$27.0 million

Budget Book Page 291

- Programs increase 2% or \$0.6 million over 2011 level.
- One-time General Fund funding for Employee Computing Mobility:
 - \$240,000 for one-time start-up costs
 - \$50,000 in ongoing funding
- 57 FTE



Mayor's Recommended 2012 Budget

Communications, \$2.0 million

Budget Book Page 297

- Reduction of \$126,000 including 1 FTE in Communications, 13 FTE Funded
- Reduction of \$250,000 to MTN – Public Television



Mayor's Recommended 2012 Budget

Finance, \$38.9 million

Budget Book Page 310

- Property Services Division moved in from Public Works
- Reduced 1 FTE
- Expenditures displayed significantly lower due to CDBG not being included and expiration of ARRA funding in Property Services.
- 239 FTE



Mayor's Recommended 2012 Budget

Human Resources, \$7.1 million

Budget Book Page 321

- 50% cut to Training & Development
- All other programs funded at current levels
- 47 FTE



Mayor's Recommended 2012 Budget

Intergovernmental Relations, \$1.4 million

Budget Book Page 330

- CDBG Funding not included in Mayor's budget – typically 50% of IGR.
- 7 FTE funded, reduction of 1 FTE from 2011
- \$50,000 added for airport consulting services



Mayor's Recommended 2012 Budget

Neighborhood & Community Relations,

\$6.0 million, Budget Book Page 335

- CDBG funding not shown
- 15 FTE
- NRP phase-out of operations in 2012
- Programs funded reduced \$120,000 from 2011 service levels



Mayor's Recommended 2012 Budget

City Clerk & Elections, \$4.9 million

Budget Book pages 257-263

The Mayor recommends:

- \$4.9 million, a 15.7% increase from 2011.
- 26 FTEs.
- Records and Information Management: \$6,000 cut from 2011 spending levels.
- City Records Center: \$12,000 cut from 2011 spending levels.
- Elections
 - \$500,000 one-time in 2012 for election year
 - Mayor reduced base budget by \$100,000
- Document Solutions Center and Mail/Courier Services supported from non-General Fund dollars.



Mayor's Recommended 2012 Budget
City Council, \$4.3 million

Budget Book pages 264-266

The Mayor recommends:

- \$4.3 million, an 8.7% increase from 2011.
- Reductions in Constituent Services to reflect implementation of 311.
- No other changes to 2011 spending levels.
- 39 FTE



Mayor's Recommended 2012 Budget
Civil Rights, \$2.2 million

Budget Book pages 341-345

- The Mayor recommends a reduction of \$125,000 from 2011 spending levels.
- 18 FTEs
- Federal grant for \$90,000 for complaint investigations.
- Department requested \$310,000 CDBG dollars.



Mayor's Recommended 2012 Budget
Community Planning and Economic Development
\$63.6 million, Budget Book Page 346

- Development-related Infrastructure in Capital Budget
- New \$2.5 million growth fund levy beginning in 2013
- Budget totals do not include CDBG
- 114 FTE
- One-time initiatives:
 - \$300k for One Minneapolis (RENEW)
 - \$75k for Export Initiative (non-general fund resources)
 - \$150 for Greater MSP
- Reductions to Current Programs:
 - Policy Assistance for CLIC
 - Heritage Preservation by \$123k
 - 14 FTE in total



Mayor's Recommended 2012 Budget
Convention Center, \$48.7 million

Budget Book Page 145

- Operating revenues are projected to cover more operating expense in 2012 as compared to the 2011 budget (54%)
- 194 FTE
- Operating expense decrease of \$500,000
 - Captured savings through:
 - Reduced energy consumption
 - Reprioritizing capital expenditures
 - Efficiencies in operations
 - Realignment of workforce
 - Managing overtime
- Meet Minneapolis: funded at \$8.2 million



Mayor's Recommended 2012 Budget

Fire Department, \$52.3 million

Budget Book pages 358-364



- The Mayor recommends:
 - Restoration of \$1.1 million to the department's base.
 - 392 FTEs, including reduction of 1 management position from 2011
 - \$200,000 reduction to Training and Recruitment.
- Department requested \$496,000 CDBG dollars



Mayor's Recommended 2012 Budget

Health and Family Support, \$10.2 million

Budget Book pages 365-375

- The Mayor recommends:
 - 10% reduction to Youth Development.
 - \$200,000 reduction to Health Care Safety Net.
 - \$8,000 cut to Community Health Engagement, Assessment and Policy.
 - No general fund dollars for: Green & Healthy Homes, Public Health Emergency Preparedness, Advocacy Services for Victims of Domestic Violence.
 - Other programs funded at 2011 spending levels.
- 52 FTEs
- Department requested \$790,000 in CDBG dollars.



Mayor's Recommended 2012 Budget

Internal Audit, \$0.4 million

Budget Book Page 376

- \$50,000 in consulting funded
- 2 FTE in total, reduction of 1 from 2011



Mayor's Recommended 2012 Budget

Mayor, \$1.5 million

Budget Book pages 380-383

- The Mayor recommends a \$60,000 cut to this department (\$15,000 from base, \$45,000 one time).
- No FTE reduction



Mayor's Recommended 2012 Budget

Police, \$134.5 million

Budget Book pages 384-393

- The Mayor recommends:
 - \$4.42 million reduction to current program levels, a \$1.8 million reduction from 2011 budget
 - 24 FTE reduction from 2011 FTE levels including 17 officers, 5 civilian and 2 managerial positions. Sworn reductions to be achieved through attrition.
 - Other cuts from: fleet, overtime, contractual services and other non-personnel savings.
- Department requested \$751,000 CDBG dollars.



Mayor's Recommended 2012 Budget

Public Works - \$300.6 million

Budget Book pages 394-441

- \$300.6 million in programs funded
- 3.5% increase in expense from 2011 adopted
- 24 positions reduced
- Total revenue = \$320.4 million (2.1% increase from 2011 adopted)



Mayor's Recommended 2012 Budget

Public Works Administration, \$2.8 million

- No changes from 2011 funding level
- No changes in staffing



Mayor's Recommended 2012 Budget

Public Works Fleet Services, \$43.7 million

- Reduced 6 positions and added 2 from the 2011 staffing level
- Increase of 8% from 2011 adopted expense to fund fleet replacement



Mayor's Recommended 2012 Budget

Public Works Solid Waste & Recycling, \$32.9 million

- No change to personnel
- \$150,000 for graffiti micro-grants (ongoing)



Mayor's Recommended 2012 Budget

Public Works Surface Water & Sanitary Sewer, \$45.3 million

- Rate increase of \$0.32 per 100 cubic feet
- Movement of 0.9 positions to Stormwater



Mayor's Recommended 2012 Budget

Public Works Surface Water & Sanitary Sewer– Stormwater, \$15.5 million

- Rate increase of \$0.28 per ESU
- Movement of 0.9 positions from Sanitary



Mayor's Recommended 2012 Budget

Public Works Traffic & Parking, \$56.4 million

- Changes to programs:
 - Street Lighting: ongoing reduction to growth of \$156,000 and 2 positions; to be offset by \$156,000 in one-time funds
 - Traffic: ongoing reduction to growth of \$108,000 and 1 position; to be offset by \$94,000 in one-time funds
- No change to personnel in 2012



Mayor's Recommended 2012 Budget

Public Works Transportation Maintenance & Repair \$41.7 million

- Changes to programs:
 - Bridge Maintenance & Repair: reduction to growth of \$25,000
 - Street Maintenance & Repair: reduction to growth of \$306,000
 - Snow & Ice Control: reduction to growth of \$700,000
 - Malls & Plazas: reduction to growth of \$200,000 and 2.5 positions
- Reduction of 10.2 positions including the Mayor's recommended reduction of 2.5 positions



Mayor's Recommended 2012 Budget

Public Works Transportation Planning & Engineering, \$11.4 million

- Reduction of 1 position
- Changes to program:
 - Transportation Planning & Mgmt: increase of \$200,000 to fund work on capital projects for which costs are not recoverable



Mayor's Recommended 2012 Budget

Public Works Water Treatment & Distribution \$51.1 million

- Rate increase of \$0.16 per unit
- 8.8 positions reduced



Mayor's Recommended 2012 Budget

Regulatory Services, \$40.1 million

Budget Book pages 442-451

- A cut of 4.3 FTEs and reduced spending in several programs.
- Fund \$140,000 Homegrown local business initiative out of Regulatory Services.
- Department requested \$521,000 CDBG dollars.



Independent Boards

Mayor's Recommended 2012 Budget

Independent Boards

Budget Book pages 452-473

- Shared revenue property tax revenue policy continues in 2012 with policy recommendation to increase City general fund by \$1.1 million to fund firefighters.
- In past, Park Board, MBC and City general fund activities receive same percentage increase in appropriation.
- Result: the 3 entities have different percentage changes in 2012, but the same percentage changes beyond 2013.

Mayor's Recommended 2012 Budget

Board of Estimate and Taxation, \$175,500

Budget Book pages 453-456

- The Mayor recommends no change to 2011 service levels.



Mayor's Recommended 2012 Budget

Municipal Building Commission, \$8.2 million

Budget Book pages 457-460

- Security services are contracted through Hennepin County
- Contracting for security services results in loss of 11 FTE.



Mayor's Recommended 2012 Budget

Park and Recreation Board, \$93.8 million

Budget Book pages 461-466

- Property tax and LGA revenue of \$53.84 million.
- \$4.9 million for operating costs to maintain capital infrastructure.



Mayor's Recommended 2012 Budget

Minneapolis Public Housing Authority

Budget Book pages 467-470

- The Mayor recommends PILOT of \$400,000.
- MPHA requested \$68,000 in CDBG funds. The Mayor did not make a recommendation.



Mayor's Recommended 2012 Budget

Youth Coordinating Board, \$1.3 million

Budget Book pages 471-473

- By cutting Youth Development in the Health department, YCB's budget will be reduced by the same amount, \$44,000.
- No FTE reduction.



Special Revenue Funds

Mayor's Recommended 2012 Budget

Community Development Block Grant

Financial Schedule – Budget Book Page 541

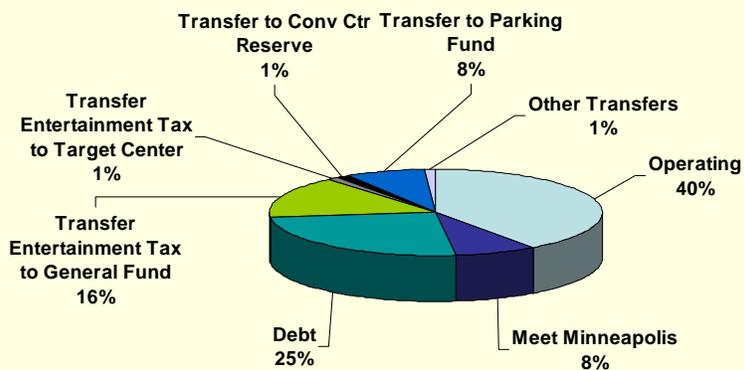
- The Mayor is not currently making any CDBG allocation recommendations until further information is available on the amount
- Positions funded through CDBG resources have been reflected in department budgets
 - Financial support of those positions will be added when recommendations are made
- Historical schedules are included



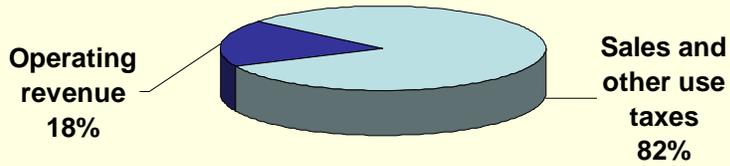
Mayor's Recommended 2012 Budget

Convention Center Fund

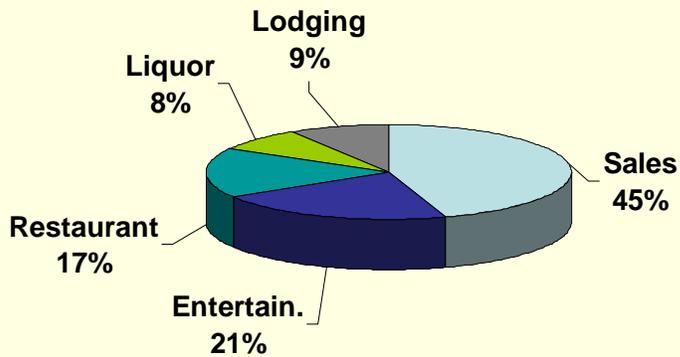
Use of Funds (\$70.1 million)



Mayor's Recommended 2012 Budget
Convention Center Fund
Source of Funds (\$67.0 million)



Mayor's Recommended 2012 Budget
Convention Center Fund
Sales and Other Taxes (\$64.9 million)



Mayor's Recommended 2012 Budget

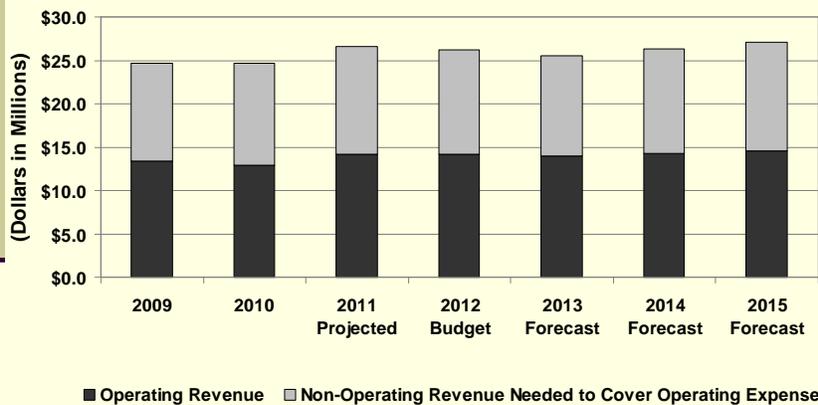
Convention Center Fund

- Operating revenues are projected to cover more operating expense in 2012 as compared to the 2011 budget (54%)
- \$26.2 million in operating expense (a 1.8% decline) and \$14.1 million in operating revenue (a 0.3% decline) for 2012, a \$12.1 million shortfall.

Mayor's Recommended 2012 Budget

Convention Center

Operating Revenue and Expense



Mayor's Recommended 2012 Budget

Convention Center Project Net Income (Loss)



Mayor's Recommended 2012 Budget

Convention Center Fund

Budget Book Pages 143-149

- Tax revenue assumptions:
 - All taxes 2.9%-3.0% increase
- Ongoing equipment and improvements budgeted at \$7.1 million



Convention Center Fund

Budget Book Pages 143-149

- Part of the Convention Center debt is in variable rate mode (\$39.3 million)
- Likely total debt service payments will be less than the \$21 million in the budget
 - Reason is interest is budgeted at 5% whereas actual interest is estimated to be less

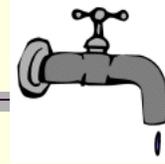


Enterprise Funds

Mayor's Recommended 2012 Budget

Sanitary Sewer Fund

Financial Plans – Budget Book Pages 164-167



- Accounts for maintenance of sanitary sewer system and payments to Metropolitan Council Environmental Services
- Rate increase of 10.5% included in recommended budget

Mayor's Recommended 2012 Budget

Sanitary Sewer Utility Rates

Average Bills and Revenue



Year	Rate (cost per 100 cubic feet)	% Increase	Average Monthly Bill	Total Planned Revenue from Utility Fee
2012	\$3.37	10.50%	\$20.22	\$49.8 million
2013	\$3.47	3.00%	\$20.82	\$50.8 million
2014	\$3.57	2.90%	\$21.42	\$51.7 million
2015	\$3.68	3.10%	\$22.08	\$52.8 million
2016	\$3.79	3.00%	\$22.74	\$53.8 million

Mayor's Recommended 2012 Budget

Stormwater Fund

Financial Plans – Budget Book Page 168-171



- Accounts for maintenance of stormwater system, payments to Metropolitan Council Environmental Services, the Combined Sewer Overflow program and the flood control program.
- Rate increase of 2.5% included in recommended budget
- The rate increase will be used to pay for storm sewer design, maintenance, and Combined Sewer Overflow (CSO) programs.

Mayor's Recommended 2012 Budget

Stormwater Rates

Average Bills and Revenue



Year	Rate per ESU (Equivalent Storm Water Unit)	% Increase	Total Planned Revenue from Utility Fee
2012	\$11.70	2.5%	\$36.3 million
2013	\$11.93	2%	\$37.0 million
2014	\$12.17	2%	\$37.8 million
2015	\$12.41	2%	\$38.5 million
2016	\$12.65	2%	\$39.3 million

Mayor's Recommended 2012 Budget

Solid Waste and Recycling Fund

Financial Plans – Budget Book Page 160-163

- \$34.2 million in annual expenditures (3.2% increase over 2011 projected)
- Estimated \$700,000 to pay for alley snow plowing will continue
- Rate does not increase for 2012
- Fund accounts for solid waste collection, graffiti removal, disposal and recycling and organic activities

Mayor's Recommended 2012 Budget

Water Fund

Financial Plans – Budget Book Page 172-175

- Contains revenue from water delivery system for the City and suburban customers. Suburban customers are \$10.6 million of the fund's business
- 2012 recommended budget includes 5% rate increase
- The rate increase will provide for multi-year capital projects and ability to cover fixed costs in environment of declining consumption

Mayor's Recommended 2012 Budget

Water Utility Rates

Monthly Cost for Average Consumer

Year	Rate (cost per 100 cubic feet)	Cost Per Month for Average Consumer ¹	% Increase	Total Planned Revenue from Utility Fee
2012	\$3.36	26.88	5.0%	\$60 Million
2013	\$3.48	27.84	3.6%	\$61.4 Million
2014	\$3.60	28.80	3.4%	\$62.9 Million
2015	\$3.71	29.68	3.1%	\$63.9 Million
2016	\$3.82	30.56	3.0%	\$65 Million

Mayor's Recommended 2012 Budget

Combined Utility Bill

Monthly Cost for Average Consumer

Combined utility bill
Monthly and annual cost for average consumer

	2011	2012 Monthly Average	2012 Annual Average	2012 monthly dollar change	2012 % change
Sanitary Sewer	\$18.30	\$20.22	\$243	\$1.92	10.5%
Storm Water	\$11.42	\$11.70	\$140	\$0.28	2.5%
Water	\$25.60	\$26.88	\$323	\$1.28	5.0%
Solid Waste/Recycling	\$24.00	\$24.00	\$288	\$0.00	0.0%
Total	\$79.32	\$82.80	\$994	\$3.48	4.4%

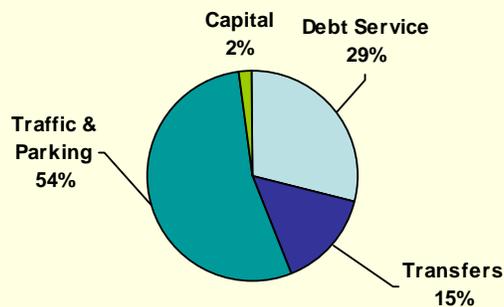
Parking Fund

Financial Plans – Budget Book Page 155-159

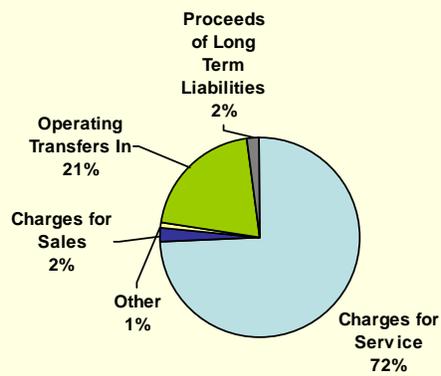
- Parking Fund will receive a transfer of funds from the Convention Center of \$6.6 million (used for debt service payments)
- Tax increment and abatement transfers are \$7.7 million
- Financial outlook of fund should be monitored



Parking Fund -- Use of Funds \$78.5 million

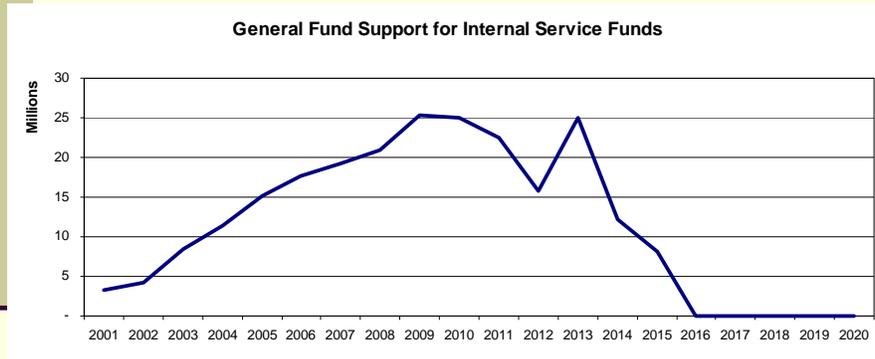


Mayor's Recommended 2012 Budget
Parking Fund -- Source of Funds \$70.7 million



Internal Service Funds

Internal Service Funds: General Fund Support



The steep decline in 2012 was a postponement of Internal Service Fund obligations to create capacity in the General Fund to pay other obligations (such as pensions)

Intergovernmental Services Fund

Financial Plans – Budget Book Page 182-186

- \$40.2 million planned use of funds, an 8% decrease from the 2011 projected
 - Bond liability outstanding is \$11.1 million at end of 2011
 - Transfer from general fund for 2012 is \$9.5 million to subsidize debt service
 - Transfer from self insurance fund of \$1 million included per adopted workout plan to assist in repayment of obligations from convention center
 - Wireless commitment funded through fund-level transfers

Mayor's Recommended 2012 Budget

Self-Insurance Fund

Financial Plans – Budget Book Page 196-199

- \$27.9 million in planned spending for 2012, 6.4% decrease from 2011 projected
 - Fund accounts for employee benefit costs as well as general liability and workers compensation

Mayor's Recommended 2012 Budget

Self-Insurance Fund

- Rate model implemented with 2007 budget – redistribution of liability and workers compensation based on experience
- Fund is expected to have a positive net asset position in 2012
 - As of year-end 2010, this fund has a negative \$6.7 million net asset position

Fleet Services Fund

- \$48.9 million planned use of funds, a 15.2% increase from 2011 projected
 - Increase due to a \$2.2 million transfer to pay off Fleet's obligation to MERF bonds
- General fund contribution for debt service for 2011 is \$1.9 million

Status of Long-Term Financial Plans

Status of Workout Plans (in millions)

	Adopted	Original Cash Deficit (2000)	Original Net Asset Deficit (2000)	2010 Year-End Net Assets	Target Date for Positive Cash Balance	2010 Year-End Cash Balance
Self-Insurance	2003	\$ (8.1)	\$ (49.5)	\$ (6.6)	2007	\$ 41.2*
Equipment	2001	(16.6)	0.0	30.6	2003	8.2
BIS	2000	(12.9)	(12.2)***	16.9	2009	8.4
Internal Service Fund Total		\$ (37.6)	\$ (61.7)	\$ 53.1		\$ 57.8
Parking Fund	2004	\$ (8.6)	\$ 75.7	\$ 148.3	2010	\$ 12.8

*Status does not include \$2.5M due from other funds.

***Due to GASB 34, the net asset balance for BIS decreased from (\$12.2) in 2000 to (\$36.3) million in 2001.

Capital Budget

Presentation on October 19

Mayor's Recommended 2012 Budget

Capital Program

Capital Section – Budget Book Page 201

- \$640 million five-year capital improvement program.
- \$98.8 million recommended for 2012.
- More detailed capital presentation on October 19.

2012 Recommended Budget Upcoming Dates

November 30, 6:05 p.m. Public Comment
December 14, 6:05 p.m. Public Hearing

2012 Recommended Budget Upcoming Dates

- November 30 – **Public Comment** on Budget and Levy at 6:05pm
- December 6- Budget Mark-up (if needed, continuing December 7)
- December 14 – **Public Comment** at 6:05pm to be followed by Final Budget Adoption

For More Information...

All of the Mayor's Recommended Budget documents are available on the City's website at

<http://www.minneapolismn.gov/city-budget/2012recc/index.asp>

Thank you for your interest and attention!