

PROCEEDINGS OF THE
BOARD OF ESTIMATE AND TAXATION
PUBLIC HEARING - August 26, 2009
Scheduled for City Hall
Room 317 - 4:50 p.m.
City Hall (Council Chambers)

The meeting was forced to move to room 315 because of Charter Commission last minute meeting was still in the Council Chambers.

The meeting was called to order by President Schwimmer at 4:50 p.m.
Present: Fine, Johnson, Ostrow, Rybak, Becker, Schwimmer.
Absent: None.

OLD BUSINESS.

Internal Audit transition,
interview committee & plan to review resumes & set up interviews

NEW BUSINESS.

Overview by Finance Department (Budget Director Johnston) of the Mayor's 2010 Budget (attached) and the Mayor's recommended revision to the City's and the Board of Estimate & Taxation's Tax Revenue Policy.

Beginning with the 2010 budget, the Mayor proposes a property tax policy that allows for more transparency in comparing the "Activities" of the City's General Fund, the Park Board and Municipal Building Commission (MBC) and mitigates the impact of changes of any one revenue source by treating the major sources of revenue together. This will allow for changes to resources to be consistently aligned among the above and clearly isolate changes to City policies and the funding impact of those policy changes. Future adjustments will be aligned with available resources, and the annual percentage change in revenue available for "Activities" of the City, Park Board and MBC will be the same for each entity. These distributions will be allocated during the Mayor's Recommended Budget process.

As part of this change, the costs of shared services among the jurisdictions will be funded prior to determining the revenue available for general operating expenditures (Activities). These cost include the following: closed pension obligations including the transfers to the Pension debt service sinking fund; previously approved internal service fund workout plans; the Bond Redemption Fund Levy, the Permanent Improvement Fund Levy; the levies for the Board of Estimate & Taxation, the Teacher's Retirement Association, the Minneapolis Public Housing Authority, the Library Market Value Referendum; that portion of the Park Board's levy that is for capital projects: General Fund transfers to; Hennepin County as part of the library system consolidation; to the Target Center finance plan; to Solid Waste Fund for graffiti removal; the wi-fi usage gap and shared administrative costs (for MBC their transfer for the City's General Fund overhead (OH) charge; for the Park Board their transfer for the City's General Fund OD charge, their transfer for City's General Admin Fee; for the City's General Fund it includes OH not recovered from MBC, Park Board and others in addition to the OH recovered from General Fund organizations). The remaining revenue is then available for "Activities".

City priorities that require an increase for one entity above others will be clearly funded and identified to allow for maximum transparency.

Board President Schwimmer Opened the Public Hearing @ 5:35

OPEN PUBLIC HEARING (For City Charter and Truth in Taxation compliance, For setting maximum tax levies pay 2010 Truth in Taxation.)

Public Comments

Executive Secretary, entered into the public record written responses &/or Calculations received (as of Aug 20th)

- A. Teachers Retirement Association
\$ 1,250,000 and \$ 1,000,000 same as in past.
- B. Minneapolis Employees Retirement Fund (MERF) \$ 2,390,000 levy.
- C. Minneapolis Fire Fighter's Relief Assoc (MFRA) \$ 3,000,000 levy
- D. Minneapolis Police Relief Association (MPRA) \$ 19,730,000 levy.
- E. Minneapolis Public Housing Authority \$ 0.
- F. Payable 2010 Final Overall Levy Limitation Notice.
- G. Pages 68 & 69 & 120 (Attached) from the "2010 Mayor's Recommended Budget Book".

Board of Estimate & Taxation members comments.

Executive Secretary noted that the vast majority of the public comments seem to center on the mistaken belief that the taxpayer would see their individual property tax bill increase by 11.3%. This erroneous belief was in all probability acquired from the media. In reality the vast majority of residential taxpayers will if the Mayor's budget is adopted will have a reduction in their City related taxes and a drop in their total tax bill on the parcel specific "Truth in Taxation Statements" (TNT) that are mailed in early November which show the maximum taxes as adopted in September. Also these TNT maximums are likely to be reduced during the time period between now and when the actual tax statements are finalized next February.

Board President Schwimmer Closed the Public Hearing @ 6:28 p.m.

Additional Information requests & direction to staff for next meeting.
Staff directed to prepare the:

- 1) Charter Compliance Resolution
- 2) Truth in Taxation Resolution

based on the Mayor's proposed Budget, Board members desiring additional options to be prepared for the meeting of September 9th will provide staff with guidance so their alternative resolutions will be available at the meeting.

REPORTS

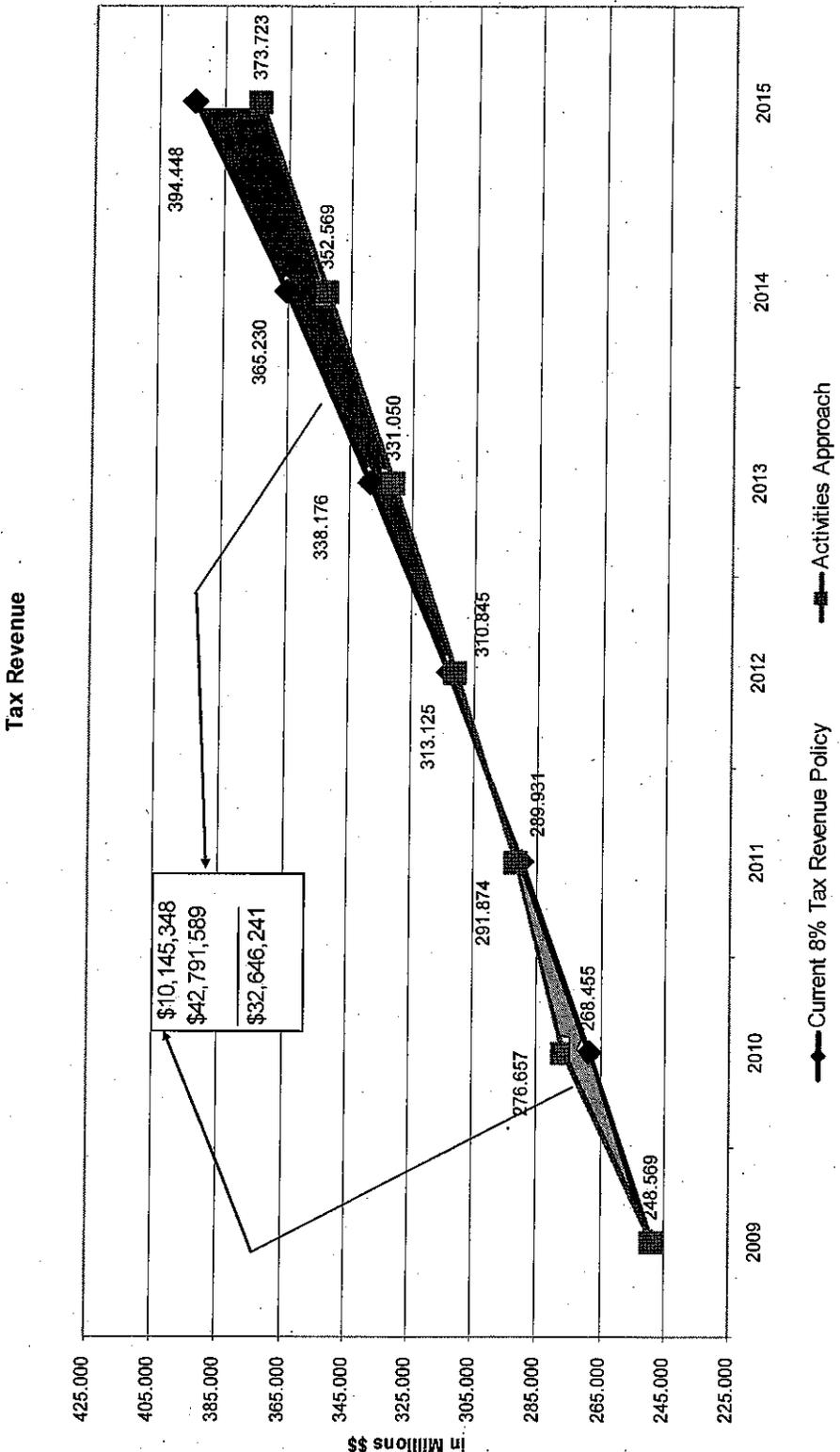
The following reports were received by the Board;

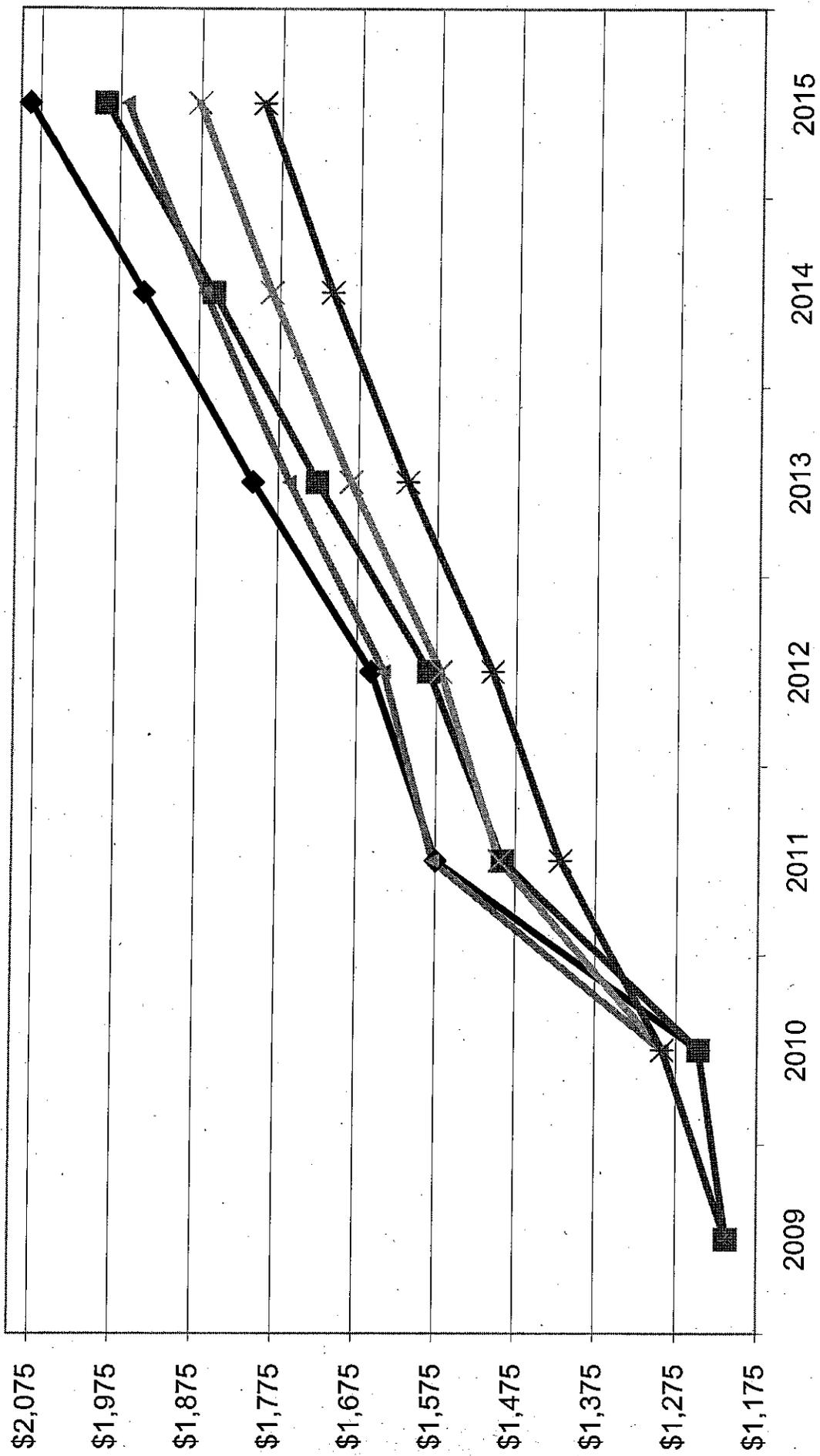
- R-1. General Obligation bond interest rates, weekly reset for Aug 21 - 28.

ADJOURNMENT

Motion to adjourn by Rybak. Seconded by Fine. Adopted.
Meeting adjourned at 6:35.

Property tax scenarios: Current 8% tax revenue policy vs. activities approach



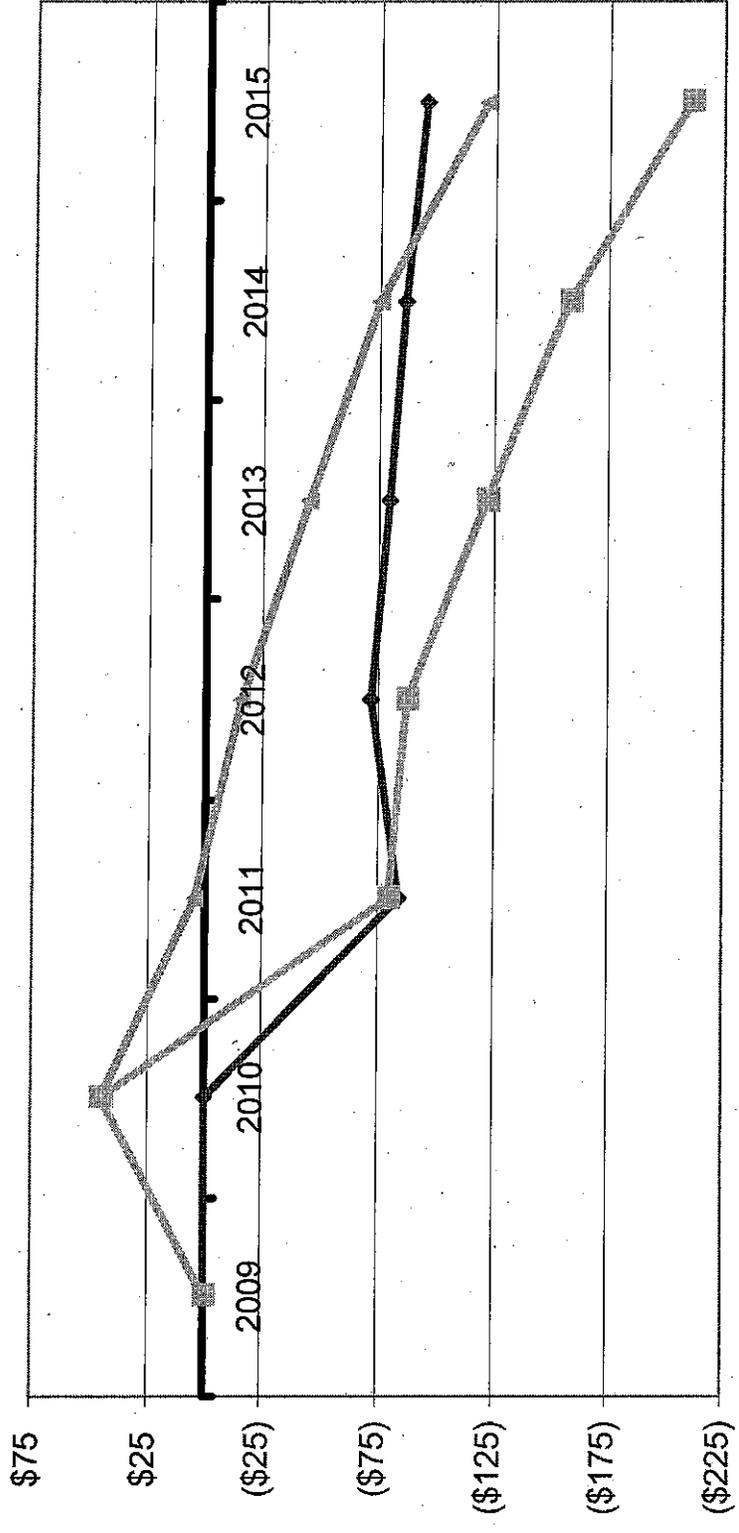


◆ Current 8% tax revenue policy, 100% recert
 ▲ Activities approach, 100% recert
 * Activities approach 0% recert

Mayor's Recommended 2010 Budget

Property tax scenarios on average family home

Current scenario (8% tax revenue policy with 100% recert is baseline)



—◆— Current 8% tax revenue policy with 50% recert
- - - □ - - - Activities approach, 50% recert

**2010 Mayor's Recommended Budget
Property Tax Levies**

| | 2009 Adopted | 2010 Mayor's Recommended Budget | | |
|--------------------------------|----------------------|---------------------------------|--------------------|---------------------|
| | | 2010 Mayor's Recommended Levies | % Change from 2009 | \$ Change from 2009 |
| Levy Only Entities | | | | |
| Public Housing Auth | \$1,315,932 | \$0 | -100.0% | (\$1,315,932) |
| Teachers Retirement | \$2,250,000 | \$2,250,000 | 0.0% | \$0 |
| Library Referendum*** | \$9,300,000 | \$9,300,000 | 0.0% | \$0 |
| Board Estimate & Taxation | \$260,035 | \$270,000 | 3.8% | \$9,965 |
| Perm. Imp Fund | \$1,619,000 | \$1,700,000 | 5.0% | \$81,000 |
| Bond Redemption Fund | \$22,243,873 | \$16,141,429 | -27.4% | (\$6,102,444) |
| MERF | \$2,270,000 | \$2,390,000 | 5.3% | \$120,000 |
| MFRA | \$1,860,000 | \$3,000,000 | 61.3% | \$1,140,000 |
| MPRA | \$3,005,000 | \$19,730,000 | 556.6% | \$16,725,000 |
| Subtotals | \$44,123,840 | \$54,781,429 | 24.2% | \$10,657,589 |
| Levy & LGA Entities | | | | |
| Municip Building Commission | \$4,339,992 | \$4,413,345 | 1.7% | \$73,353 |
| Park & Recreation Board | \$43,607,542 | \$45,488,623 | 4.3% | \$1,881,081 |
| General Fund Levy | \$156,497,722 | \$171,974,006 | 9.9% | \$15,476,284 |
| Subtotals | \$204,445,256 | \$221,875,974 | 8.5% | \$17,430,718 |
| Grand Totals | \$248,569,096 | \$276,657,403 | 11.3% | \$28,088,307 |

**2010 Mayor's Recommended Budget
Activities Approach**

| Activities Approach for Levy & LGA Entities | 2009 Adopted | 2010 Mayor's Recommended Budget | | |
|--|----------------------|---------------------------------|-----------------------|------------------------|
| | | 2010 Mayor's Recommended | % Change from 2009 | \$ Change from 2009 |
| Municip Building Commission | | | | |
| Tax Levy \$\$ | \$4,339,992 | \$4,413,345 | | |
| Tax Rev \$\$ | \$4,253,192 | \$4,325,078 | 1.69% | \$71,886 |
| Trf to City General Fund OH | (\$45,000) | (\$45,000) | 0.00% | \$0 |
| LGA Rev | \$241,552 | \$206,739 | -14.41% | (\$34,813) |
| MBC Activities | \$4,449,744 | \$4,486,817 | 0.83% | \$37,073 |
| Park & Recreation Board | | | | |
| Tax Levy \$\$ | \$43,607,542 | \$45,488,623 | | |
| Tax Rev \$\$ | \$42,735,391 | \$44,578,851 | 4.31% | \$1,843,460 |
| Trf to City General Fund OH | (\$811,687) | (\$811,687) | 0.00% | \$0 |
| Trf to City General Admin Fee | (\$116,400) | (\$121,056) | 4.00% | (\$4,656) |
| Capital Projects from Levy | (\$1,470,000) | (\$1,528,800) | 4.00% | (\$58,800) |
| LGA Rev | \$9,471,102 | \$8,106,076 | -14.41% | (\$1,365,026) |
| Park Board Activities | \$49,808,406 | \$50,223,384 | 0.83% | \$414,978 |
| General Fund Levy | | | | |
| Tax Levy \$\$ | \$156,497,722 | \$171,974,477 | | |
| Tax Rev \$\$ | \$153,367,768 | \$168,534,987 | 9.89% | \$15,167,219 |
| Trf to County for Library System | (\$6,800,000) | (\$6,721,000) | -1.16% | \$79,000 |
| Trf to County for Library System one time | (\$683,000) | \$0 | -100.00% | \$683,000 |
| Trf to Other Funds | \$0 | (\$1,000,000) | #DIV/0! | (\$1,000,000) |
| Trf to Target Center Finance Plan | (\$92,000) | (\$92,000) | 0.00% | \$0 |
| Trf to Solid Waste Graffiti | (\$50,000) | (\$50,000) | 0.00% | \$0 |
| Capital Projects from Levy | \$0 | (\$5,000,000) | #DIV/0! | (\$5,000,000) |
| Trf for City Hall Green Roof MBC | (\$107,500) | \$0 | -100.00% | \$107,500 |
| Trf for City Hall Elevator MBC | (\$95,000) | \$0 | -100.00% | \$95,000 |
| Trf for LRT Study Central Corridor | (\$700,000) | \$0 | -100.00% | \$700,000 |
| Trf for Ballpark Infrastructure | (\$1,575,000) | \$0 | -100.00% | \$1,575,000 |
| GFd OH Not recovered Park Bd | (\$1,472,057) | (\$1,287,025) | -12.57% | \$185,032 |
| GFd OH Not recovered from MBC | (\$246,954) | (\$184,927) | -25.12% | \$62,027 |
| GFd OH Not recovered from Others | (\$3,955,612) | (\$3,004,803) | -24.04% | \$950,809 |
| GFd OH Recovered from Others | (\$21,604,987) | (\$21,640,821) | 0.17% | (\$35,834) |
| General fund one time revenue | \$7,300,000 | \$0 | -100.00% | (\$7,300,000) |
| Trf to Internal Service Fds Workout Plans | (\$25,270,000) | (\$25,205,000) | -0.26% | \$65,000 |
| Trf to Pension Debt Service Sinking Fd | (\$14,567,700) | (\$8,702,400) | -40.26% | \$5,865,300 |
| Subtotal General Fund for Others | (\$69,919,810) | (\$72,887,976) | 4.25% | (\$2,968,166) |
| General Fund Revenue | \$135,684,000 | \$136,065,000 | 0.28% | \$381,000 |
| LGA Rev | \$70,537,317 | \$60,360,057 | -14.43% | (\$10,177,260) |
| General Fund Activities | \$289,669,275 | \$292,072,068 | 0.83% | \$2,402,793 |

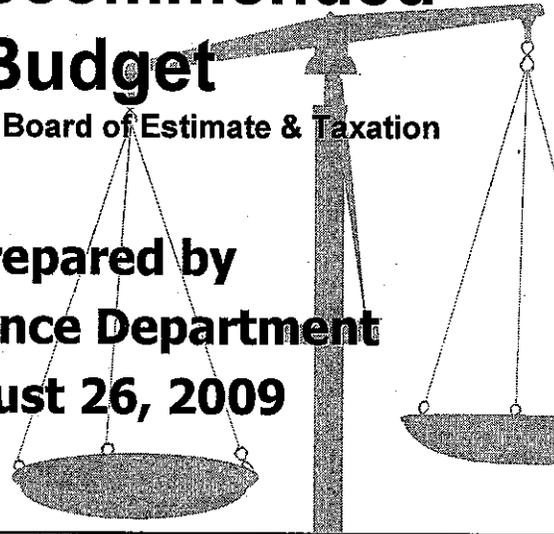
2010 ->>> 2015 Mayor's Recommended
Activities Approach

| Activities Approach for Levy & LGA Entities | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Estimated CSL Cost Escalator | | 3.90% | 4.30% | 4.40% | 3.90% | 4.40% |
| Municip Building Commission | | | | | | |
| Tax Levy \$\$ | \$4,413,345 | \$4,611,214 | \$4,816,409 | \$5,035,283 | \$5,238,597 | \$5,476,949 |
| Tax Rev \$\$ | \$4,325,078 | \$4,518,990 | \$4,720,081 | \$4,934,577 | \$5,133,825 | \$5,367,410 |
| Trf to City General Fund OH | (\$45,000) | (\$45,000) | (\$45,000) | (\$45,000) | (\$45,000) | (\$45,000) |
| LGA Rev | \$206,739 | \$187,918 | \$187,015 | \$186,112 | \$185,209 | \$184,306 |
| MBC Activities | \$4,486,817 | \$4,661,908 | \$4,862,096 | \$5,075,689 | \$5,274,034 | \$5,506,716 |
| \$ Change | \$175,091 | \$200,188 | \$213,593 | \$198,345 | \$232,682 | \$232,682 |
| % Change | 3.90% | 4.29% | 4.39% | 3.91% | 4.41% | 4.41% |
| Park & Recreation Board | | | | | | |
| Tax Levy \$\$ | \$45,488,623 | \$48,308,850 | \$50,701,556 | \$53,250,188 | \$55,627,568 | \$58,400,170 |
| Tax Rev \$\$ | \$44,578,851 | \$47,342,673 | \$49,687,525 | \$52,185,184 | \$54,515,017 | \$57,232,167 |
| Trf to City General Fund OH | (\$811,687) | (\$811,687) | (\$811,687) | (\$811,687) | (\$811,687) | (\$811,687) |
| Trf to City General Admin Fee | (\$121,056) | (\$125,899) | (\$130,935) | (\$136,172) | (\$141,619) | (\$147,283) |
| Capital Projects from Levy | (\$1,528,800) | (\$1,589,952) | (\$1,653,554) | (\$1,719,704) | (\$1,788,500) | (\$1,860,040) |
| LGA Rev | \$8,106,076 | \$7,368,139 | \$7,332,733 | \$7,297,327 | \$7,261,921 | \$7,226,515 |
| Park Board Activities | \$50,223,384 | \$52,183,274 | \$54,424,082 | \$56,814,948 | \$59,035,132 | \$61,639,672 |
| \$ Change | \$1,959,890 | \$2,240,808 | \$2,390,866 | \$2,220,184 | \$2,604,540 | \$2,604,540 |
| % Change | 3.90% | 4.29% | 4.39% | 3.91% | 4.41% | 4.41% |
| General Fund Levy | | | | | | |
| Tax Levy \$\$ | \$171,974,477 | \$167,245,986 | \$209,396,866 | \$190,379,307 | \$242,922,881 | \$215,471,040 |
| Tax Rev \$\$ | \$168,534,987 | \$163,901,066 | \$205,208,929 | \$186,571,720 | \$238,064,424 | \$211,161,620 |
| Trf to County for Library System | (\$6,721,000) | (\$5,853,000) | (\$4,982,000) | (\$4,106,000) | (\$3,238,000) | (\$2,363,000) |
| Trf to Other Funds | (\$1,000,000) | (\$898,000) | (\$962,000) | (\$983,000) | (\$848,000) | (\$768,000) |
| Trf to Target Center Finance Plan | (\$82,000) | (\$92,000) | (\$92,000) | (\$550,000) | (\$550,000) | (\$550,000) |
| Trf to Solid Waste Graffiti | (\$50,000) | (\$50,000) | (\$50,000) | (\$50,000) | (\$50,000) | (\$50,000) |
| Capital Projects from Levy | (\$5,000,000) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Gfd OH Not recovered Park Bd | (\$1,287,025) | (\$1,369,521) | (\$1,464,025) | (\$1,564,866) | (\$1,658,218) | (\$1,767,622) |
| Gfd OH Not recovered from MBC | (\$184,927) | (\$193,894) | (\$204,167) | (\$215,130) | (\$225,275) | (\$237,167) |
| Gfd OH Not recovered from Others | (\$3,004,803) | (\$3,965,982) | (\$5,067,075) | (\$6,242,222) | (\$7,329,661) | (\$8,604,362) |
| Gfd OH Recovered from Others | (\$21,640,821) | (\$21,640,821) | (\$21,640,821) | (\$21,640,821) | (\$21,640,821) | (\$21,640,821) |
| Trf to Internal Service Fds Workout Plans | (\$25,205,000) | (\$17,965,000) | (\$20,392,000) | (\$14,816,000) | (\$17,873,000) | (\$8,787,000) |
| Trf to Pension Debt Service Sinking Fd | (\$8,702,400) | (\$496,860) | (\$26,883,360) | \$0 | (\$36,346,240) | (\$3,988,600) |
| Subtotal General Fund for Others | (\$72,887,976) | (\$52,525,078) | (\$81,737,448) | (\$50,166,058) | (\$89,759,215) | (\$48,756,573) |
| General Fund Revenue | \$136,065,000 | \$137,230,000 | \$138,430,000 | \$139,666,000 | \$140,940,000 | \$142,251,000 |
| LGA Rev | \$60,360,057 | \$54,863,730 | \$54,600,039 | \$54,336,348 | \$54,072,657 | \$53,808,966 |
| General Fund Activities | \$292,972,068 | \$303,469,718 | \$316,501,520 | \$330,406,010 | \$343,317,866 | \$358,465,013 |
| \$ Change | \$11,397,650 | \$13,031,802 | \$13,904,490 | \$12,911,856 | \$15,147,147 | \$15,147,147 |
| % Change | 3.90% | 4.29% | 4.39% | 3.91% | 4.41% | 4.41% |

Overview of Mayor's 2010 Recommended Budget

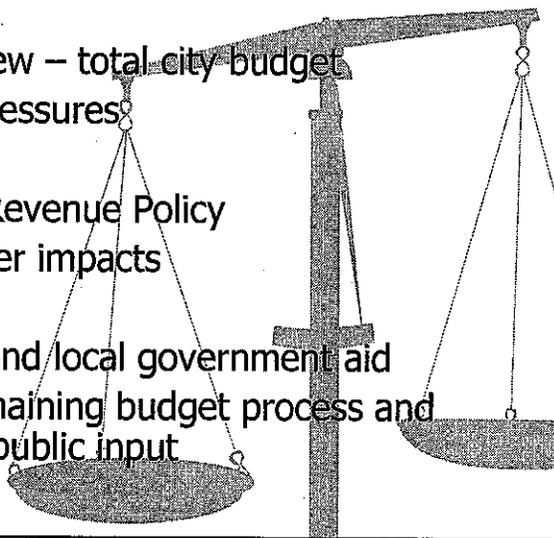
Presented to the Board of Estimate & Taxation

Prepared by
the Finance Department
August 26, 2009



Agenda – Summary of Presentation

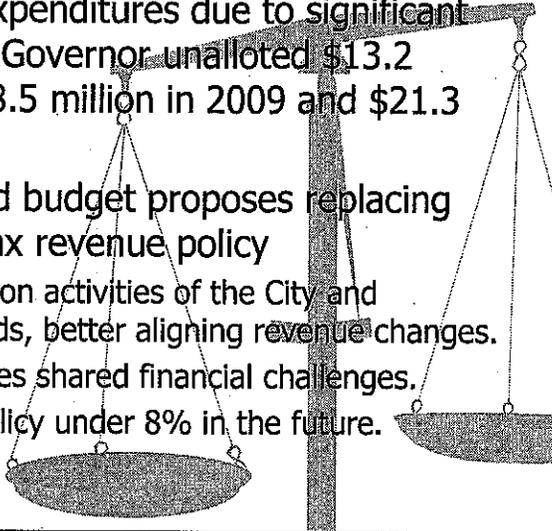
1. Major highlights
2. Financial overview – total city budget
3. Major budget pressures
4. Property Taxes
5. Change in Tax Revenue Policy
6. Property taxpayer impacts
7. Major Initiatives
8. Property taxes and local government aid
9. Summary of remaining budget process and opportunity for public input



Mayor's Recommended 2010 Budget

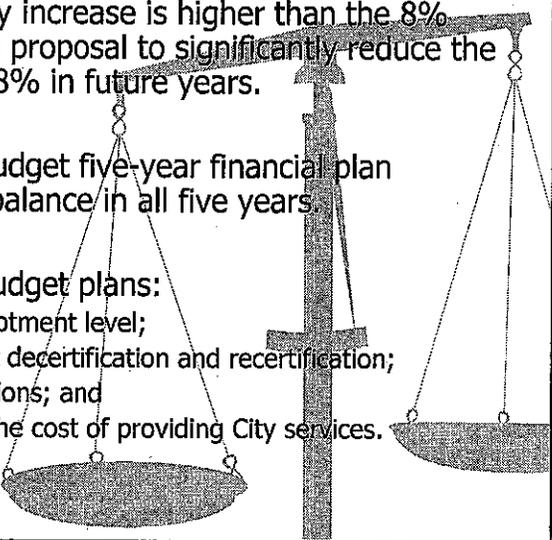
Major Highlights

Financial Overview – Budget Book Page 36

- Minneapolis cut expenditures due to significant cuts to LGA. The Governor unallotted \$13.2 million in 2008, \$8.5 million in 2009 and \$21.3 million in 2010.
 - The recommended budget proposes replacing the existing 8% tax revenue policy
 - New policy based on activities of the City and independent boards, better aligning revenue changes.
 - Approach addresses shared financial challenges.
 - Brings revenue policy under 8% in the future.
- 

Mayor's Recommended 2010 Budget

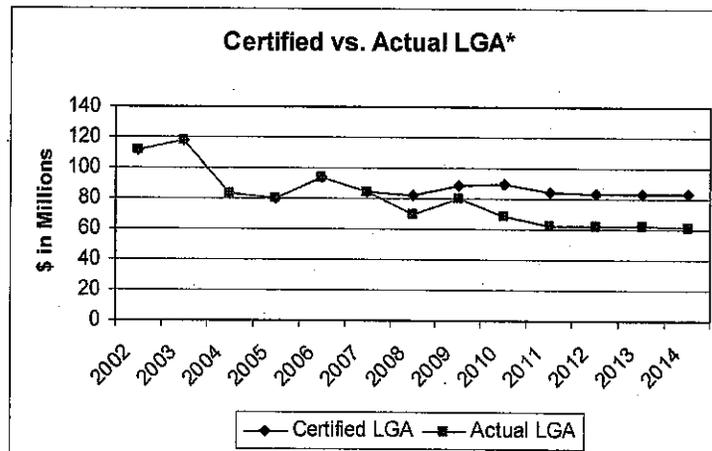
Major Highlights

- The proposed tax levy increase is higher than the 8% policy in 2010, with a proposal to significantly reduce the tax levy to less than 8% in future years.
 - The recommended budget five-year financial plan maintains structural balance in all five years.
 - The recommended budget plans:
 - LGA at the 2010 unallotment level;
 - Impacts of TIF district decertification and recertification;
 - Rising pension obligations; and
 - Continued growth in the cost of providing City services.
- 

"LGA FLAT
after 2010"

no drop in
2011 of \$

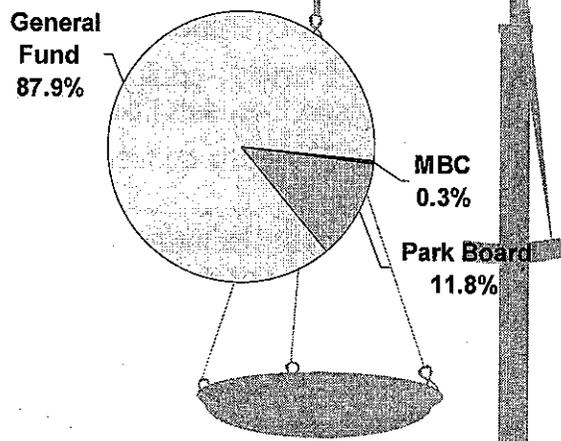
Local Government Aid



*2011 and out years are projected numbers for original certifications and actual.

Mayor's Recommended 2010 Budget Local Government Aid by Fund \$68.7 Million

Budget Book Page 36



Mayor's Recommended 2010 Budget

Financial Overview

(Including Independent Boards)

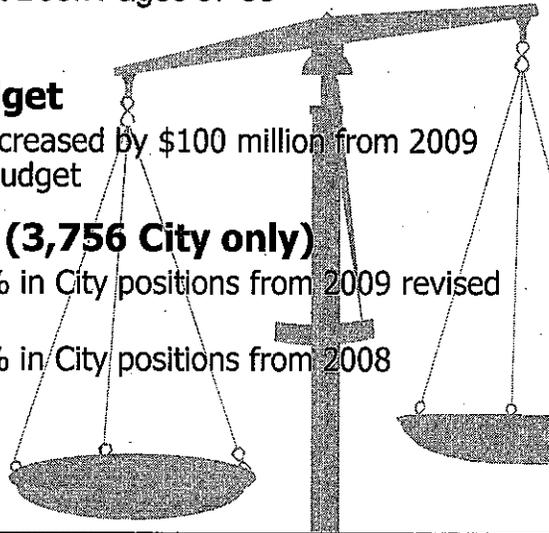
Budget Book Pages 37-38

- **\$1.3 Billion Budget**

- Spending level decreased by \$100 million from 2009 revised adopted budget

- **4,759 Positions (3,756 City only)**

- Reduction of 8.2% in City positions from 2009 revised level
- Reduction of 9.1% in City positions from 2008 adopted

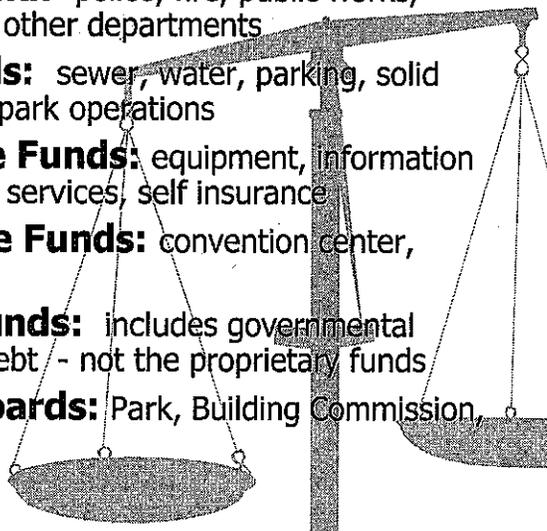


Mayor's Recommended 2010 Budget

Financial Overview

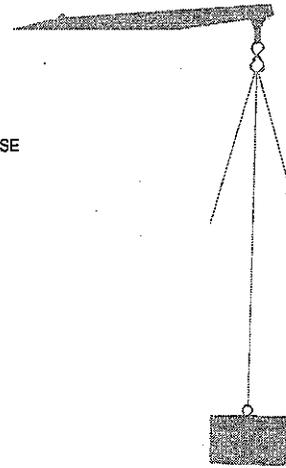
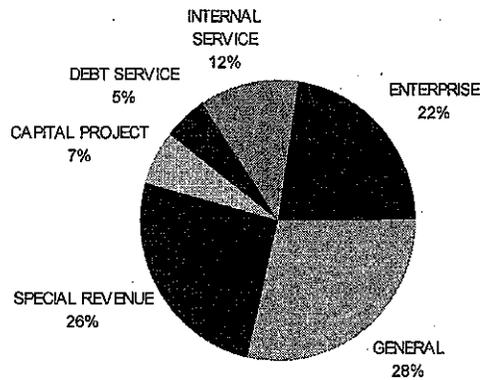
Budget Book Page 35-72

- **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



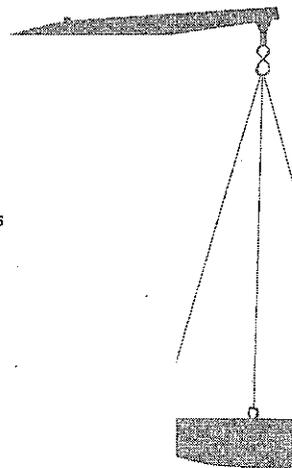
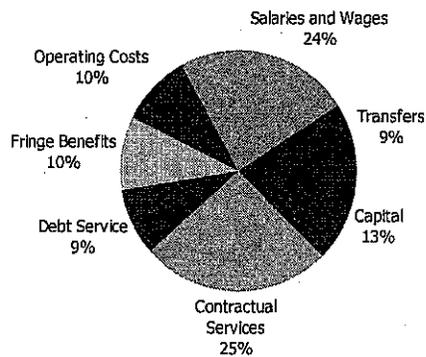
Mayor's Recommended 2010 Budget
Expenditures by Fund Category
\$1.31 Billion

Budget Book Page 43



Mayor's Recommended 2010 Budget
Expenditures by Major Type
\$1.31 Billion

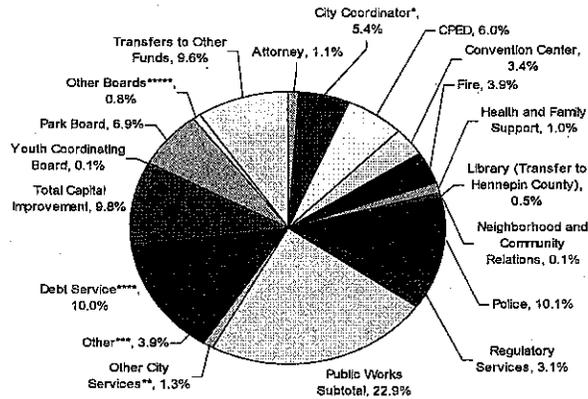
Budget Book Page 44



Mayor's Recommended 2010 Budget Expenditures by Major Functions

\$1.31 Billion

Budget Book Page 37

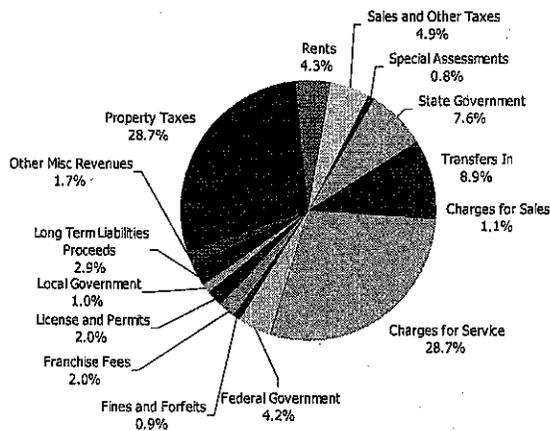


*Includes Human Resources, Finance, 911/311, Intergovernmental Relations, Community Services, Neighborhood and Community Relations and GIS
 **Includes Assessor, City Clerk/Elections/Council, Civil Rights & Mayor
 ***Includes Non-departmental, Health and Welfare, Workers' Compensation, Library, Emergency and Personnel
 ****Does not include debt service paid directly from proprietary funds or by independent sources
 *****Includes Board of Estimate and Taxation and Municipal Building Commission

Mayor's Recommended 2010 Budget Revenues by Major Sources

\$1.38 Billion

Budget Book Page 39



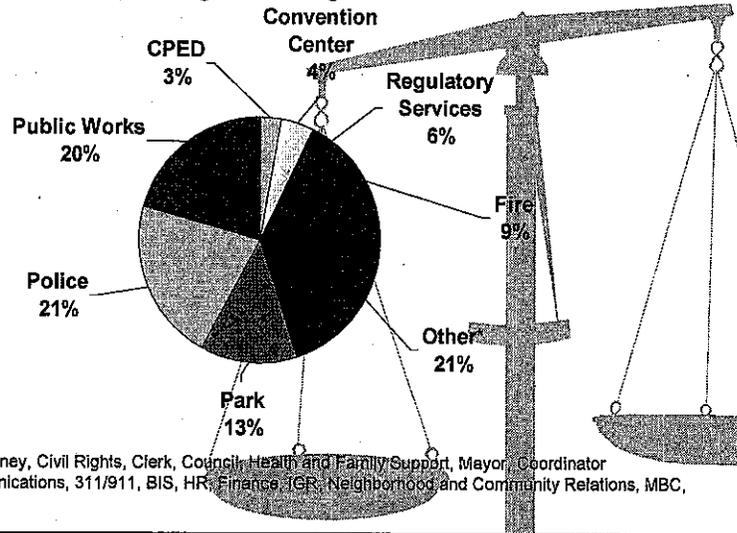
Other Misc Revenues includes gains, contributions, misc. revenues and proceeds from long-term liabilities

Mayor's Recommended 2010 Budget

Positions by Service

4,759 positions

Budget Book Page 262



Mayor's Recommended 2010 Budget

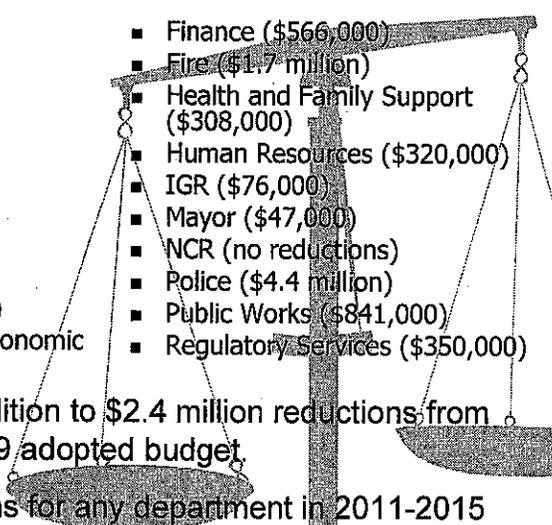
2010 Reductions

- \$10.8 million reductions to departments in March 2009, with planned reductions of \$2.4 million for 2010
- \$10.9 million of additional reductions in 2010 as part of Mayor's recommendations
- \$24.1 million total reductions since December 2008

Mayor's Recommended 2010 Budget .

2010 Reductions

Budget Book Page 109

- 
- 311 (\$109,000)
 - 911 (\$161,000)
 - Assessor (no reductions)
 - Attorney (\$250,000)
 - BIS (\$1.1 million)
 - City Clerk/Elections/Council (\$198,000)
 - City Coordinator (\$86,000)
 - Civil Rights (\$146,000)
 - Communications (\$126,000)
 - Community Planning and Economic Development (\$189,000)
 - Finance (\$566,000)
 - Fire (\$1.7 million)
 - Health and Family Support (\$308,000)
 - Human Resources (\$320,000)
 - IGR (\$76,000)
 - Mayor (\$47,000)
 - NCR (no reductions)
 - Police (\$4.4 million)
 - Public Works (\$841,000)
 - Regulatory Services (\$350,000)

These cuts are in addition to \$2.4 million reductions from 2009 adopted budget.

No planned reductions for any department in 2011-2015

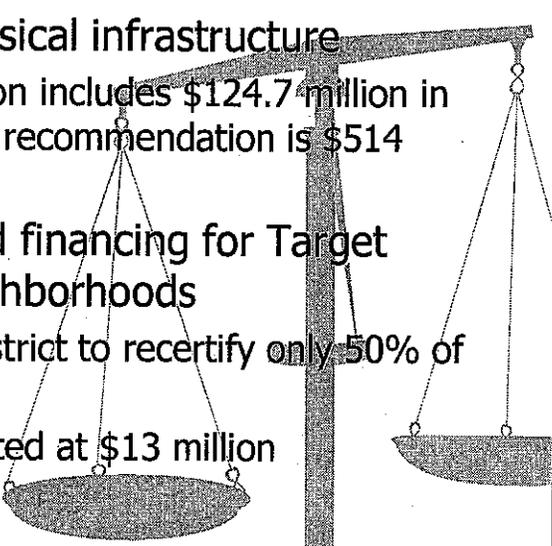
*Read on a copy
LMA at 2010 level*

*No
AT 5/13 PLAN AMTS*

Mayor's Recommended 2010 Budget

Major Budget Pressures

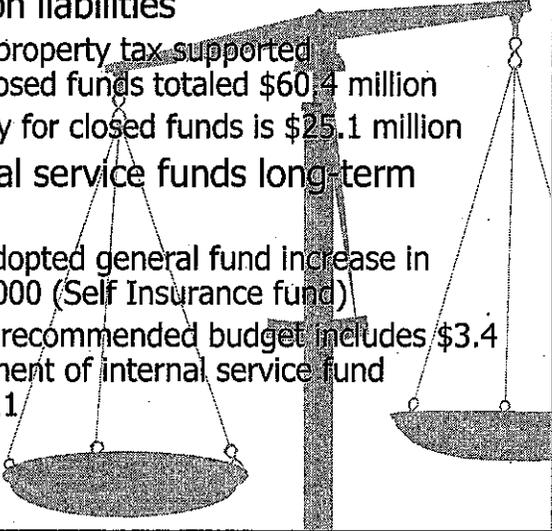
Budget Book Page 44-53

- 
- Funding for physical infrastructure
 - Recommendation includes \$124.7 million in 2010; five-year recommendation is \$514 million
 - State authorized financing for Target Center and neighborhoods
 - Reduces TIF district to recertify only 50% of properties
 - Funding estimated at \$13 million

Mayor's Recommended 2010 Budget

Major Budget Pressures

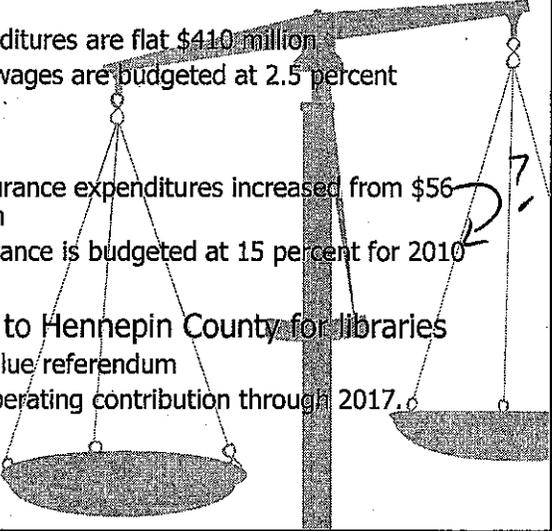
Budget Book Page 44-53

- Funding for pension liabilities
 - From 2006-2009, property tax supported contributions to closed funds totaled \$60.4 million
 - The 2010 total levy for closed funds is \$25.1 million
 - Funding for internal service funds long-term financial plans
 - Budget includes adopted general fund increase in transfers of \$500,000 (Self Insurance fund)
 - The 2010 Mayor's recommended budget includes \$3.4 million in pre-payment of internal service fund obligations for 2011.
- 

Mayor's Recommended 2010 Budget

Major Budget Pressures

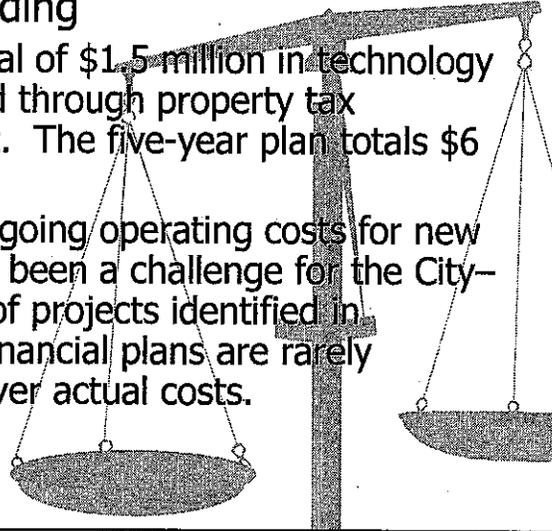
Budget Book Page 44-53

- Salaries and wages
 - Total personnel expenditures are flat \$410 million
 - Growth in salary and wages are budgeted at 2.5 percent
 - Benefits
 - Health and dental insurance expenditures increased from \$56 million to \$62.3 million
 - Growth in health insurance is budgeted at 15 percent for 2010
 - Continuing obligation to Hennepin County for libraries
 - \$9.3 million market value referendum
 - Additional declining operating contribution through 2017.
- 

Major Budget Pressures

Budget Book Page 44-53

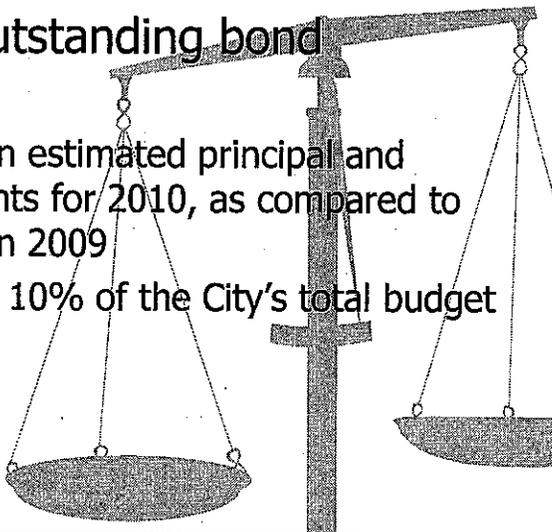
- **Technology funding**
 - For 2010, a total of \$1.5 million in technology projects funded through property tax supported debt. The five-year plan totals \$6 million.
 - Funding the ongoing operating costs for new technology has been a challenge for the City—ongoing costs of projects identified in departments' financial plans are rarely sufficient to cover actual costs.



Major Budget Pressures

Budget Book Page 38

- **Payment of outstanding bond obligations**
 - \$129.9 million in estimated principal and interest payments for 2010, as compared to \$138.3 million in 2009
 - This represents 10% of the City's total budget

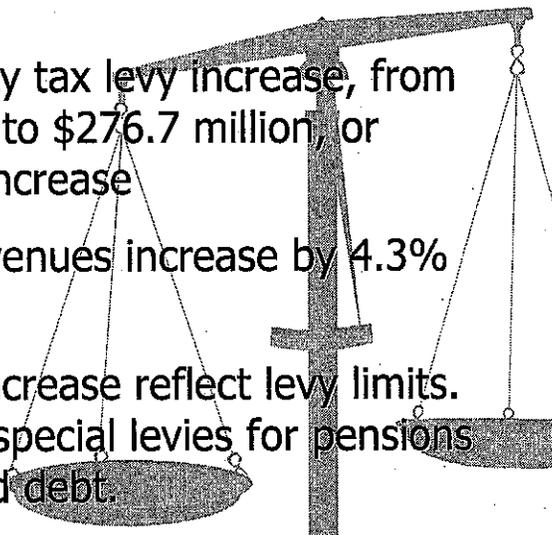


Mayor's Recommended 2010 Budget

Property Tax Revenue

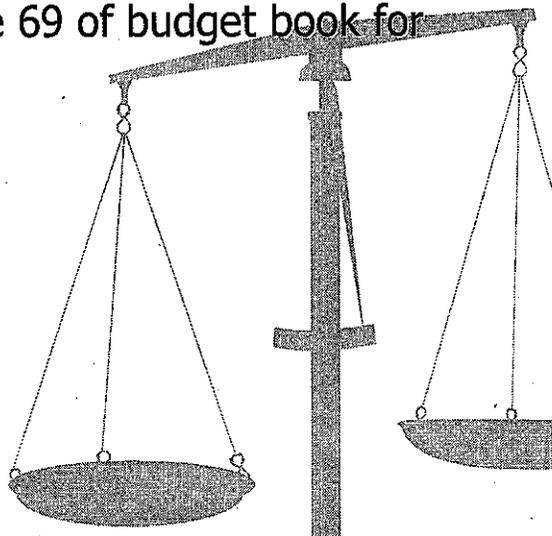
Financial Overview – Budget Book Pages 67-69

- 11.3% property tax levy increase, from \$248.6 million to \$276.7 million, or \$28.1 million increase
- Park Board revenues increase by 4.3% or \$1.9 million
- Property tax increase reflect levy limits. The City uses special levies for pensions obligations and debt.



“Activities” Approach

- Please see page 69 of budget book for details



*Prop Tx
+
MA
+
HFD Rev*

Mayor's Recommended 2010 Budget
Uses of New Property Tax Revenue

Budget Book Page 59

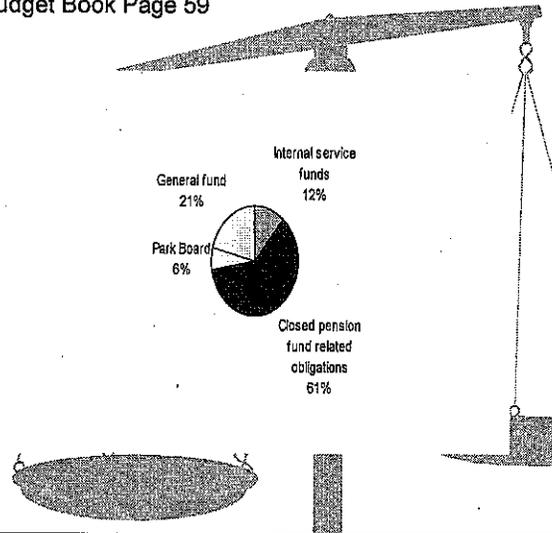
Internal Service Fund Debt:
\$3.4 million (12%)

Increased pension obligations:
\$17.9 million (61%)

Increased cost to provide existing
 General Fund City services:
\$6.3 million (21%)

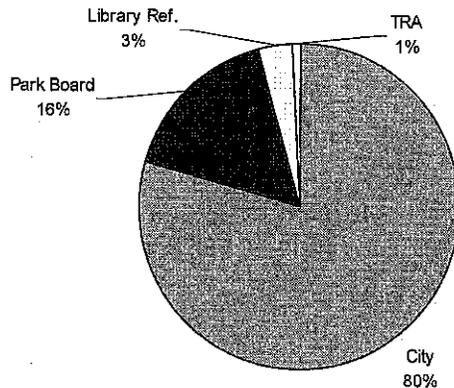
Increased cost to provide existing
 Park Board services:
\$1.8 million (11%)

Reduction in levy to Minneapolis
 Public Housing Authority
-\$1.3 million



Mayor's Recommended 2010 Budget
Property Tax Levy by Fund
\$276.7 Million

Budget Book Page 58



*City includes MBC, BET, pension, libraries, capital and debt levies

Mayor's Recommended 2010 Budget
2010 Property Tax Levies

Budget Book Page 67

| <i>(in millions of dollars)</i> | % Chg from 2009 | Dollar Chg from 2009 |
|---------------------------------|--------------------|-------------------------|
| City Other ¹ | 4.0% | \$8.3 M |
| Closed Pensions | 252.1% | \$17.9 M |
| Park Board | 4.3% | \$1.9 M |
| Total | 11.3% | \$28.1 M |

¹Includes Bond Redemption, Permanent Improvement, MBC, MPHA and BET Levies.
 Libraries moved to City Other.

Mayor's Recommended 2010 Budget
2010 Property Tax Levies

Budget Book Page 58

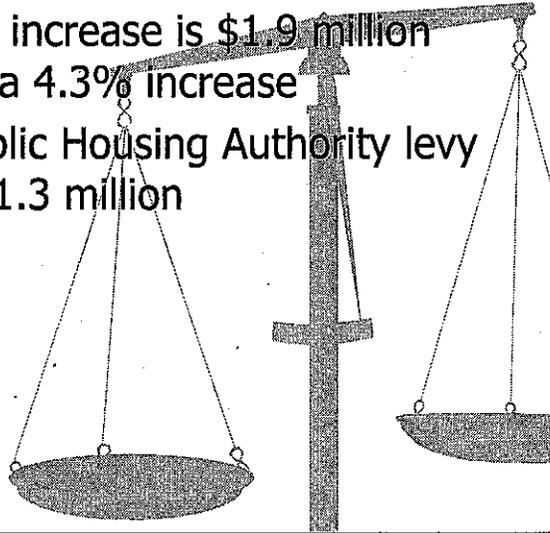
- City Other levy increase of \$27.5 million is the net result of the following major changes:
 - \$3.4 million increase for internal service fund debt
 - \$17.9 million for pensions
 - \$6.3 million for all other changes in the general fund
-

Mayor's Recommended 2010 Budget

2010 Property Tax Levies

Budget Book Page 58

- Park Board levy increase is \$1.9 million and represents a 4.3% increase
- Minneapolis Public Housing Authority levy is reduced by \$1.3 million

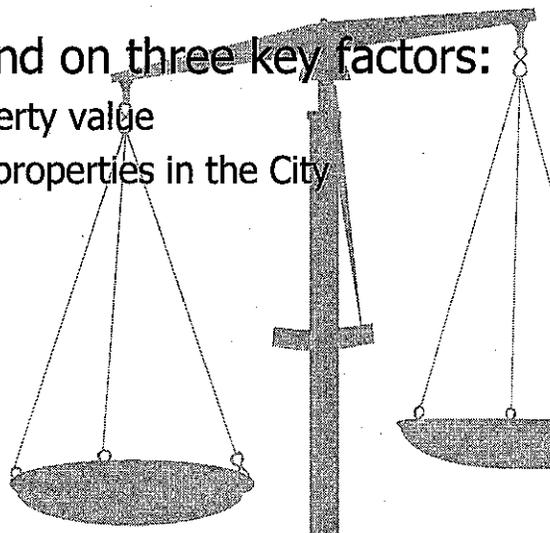


Mayor's Recommended 2010 Budget

Property Taxpayer Impacts

Budget Book Pages 70-72

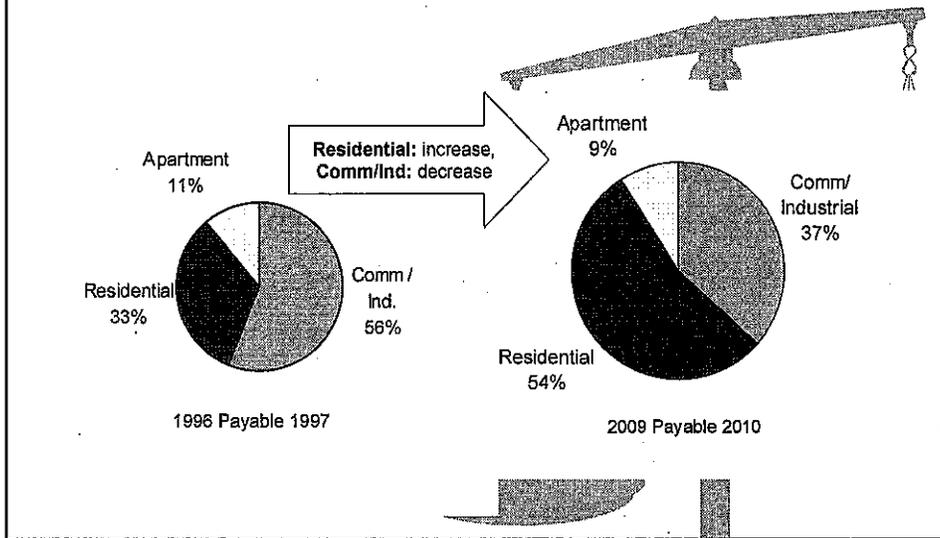
- Impacts depend on three key factors:
 - Individual property value
 - Value of other properties in the City
 - Tax rate



Mayor's Recommended 2010 Budget

Property Tax Shift

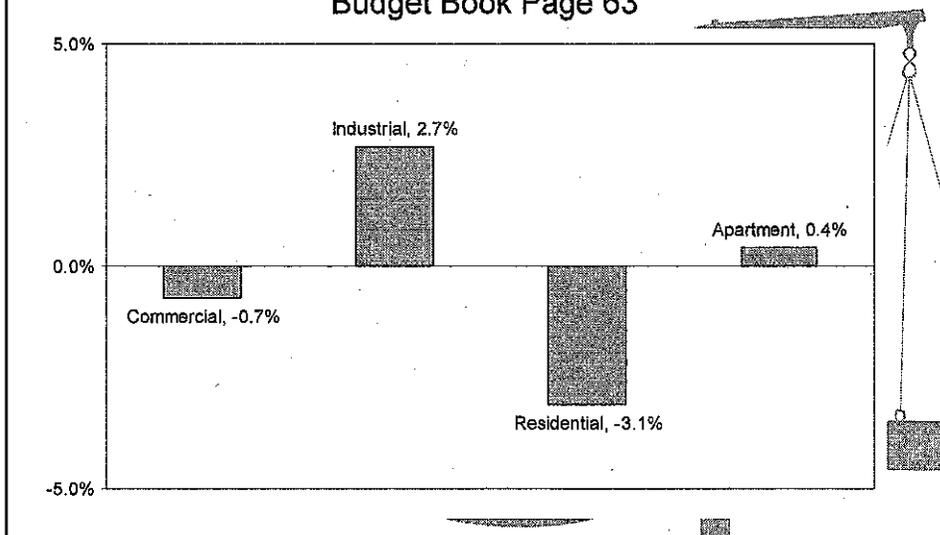
Budget Book Page 64

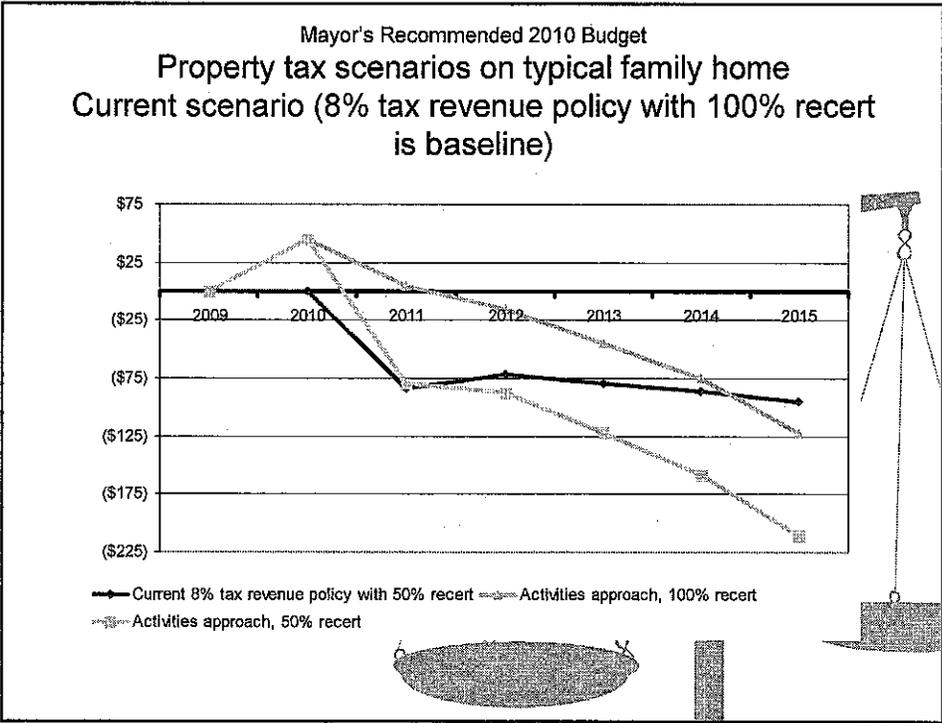
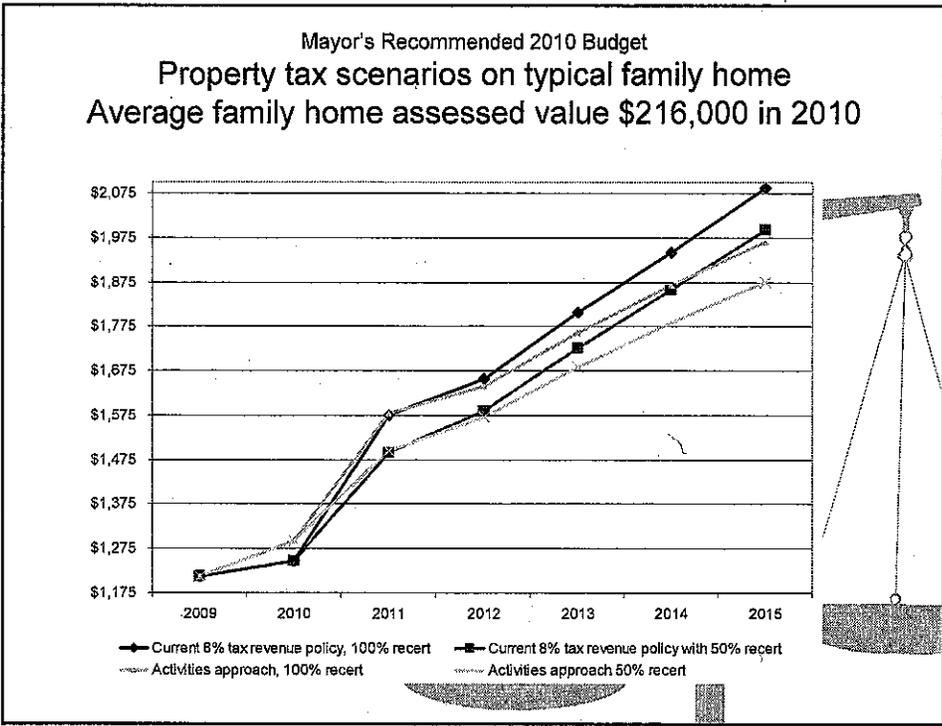


Mayor's Recommended 2010 Budget

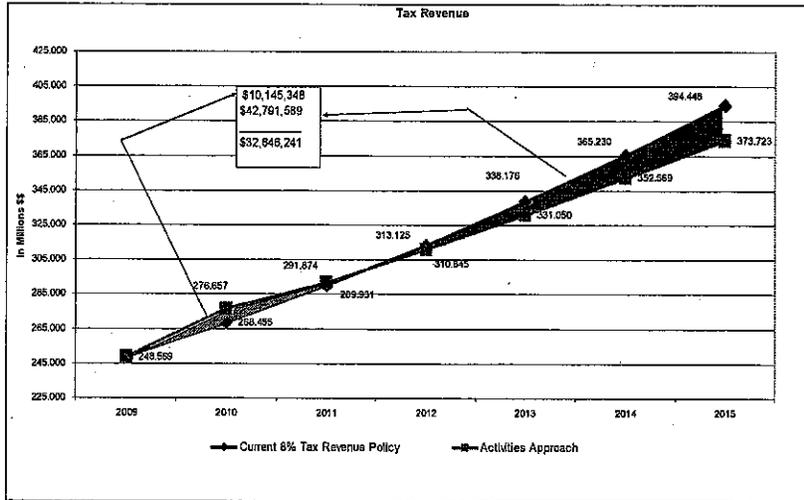
Change in Tax Capacity for Taxes Payable 2010

Budget Book Page 63





Property tax scenarios: Current 8% tax revenue policy vs. activities approach



Relationship between City Revenue and Tax Impact

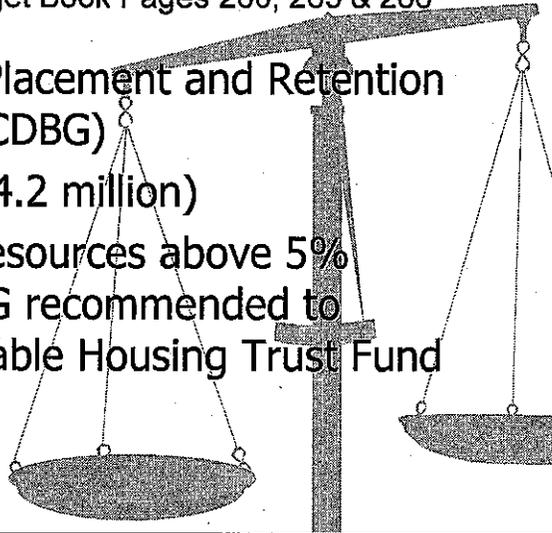
| | Revenue Policy | Est. Impact |
|------|----------------|---|
| 2010 | 11.3% | 6.6% |
| 2011 | 5.5% | 15.7% (50% recertification) 22.2% (100%) |

Mayor's Recommended 2010 Budget

Major Initiatives: Jobs and Economic Development

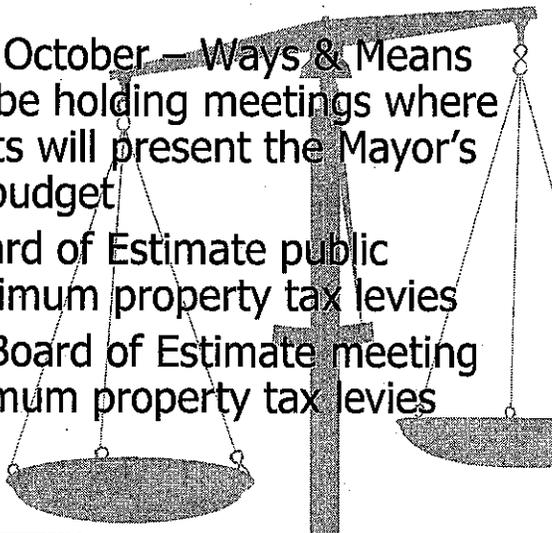
Schedules – Budget Book Pages 260, 265 & 266

- Adult Training, Placement and Retention (\$1.2 million in CDBG)
- Great Streets (\$4.2 million)
- Any additional resources above 5% increase in CDBG recommended to replenish Affordable Housing Trust Fund



2010 Recommended Budget Upcoming dates

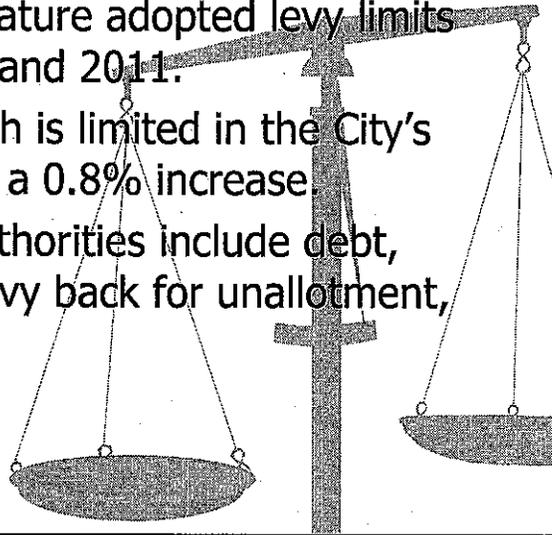
- September and October – Ways & Means Committee will be holding meetings where City departments will present the Mayor's recommended budget
- August 26 - Board of Estimate public hearing on maximum property tax levies
- September 9 - Board of Estimate meeting to set the maximum property tax levies



Mayor's Recommended 2010 Budget

Levy Limits

- The State legislature adopted levy limits for 2009, 2010 and 2011.
- This year growth is limited in the City's general fund to a 0.8% increase.
- Special Levy authorities include debt, pensions and levy back for unallotment, among others

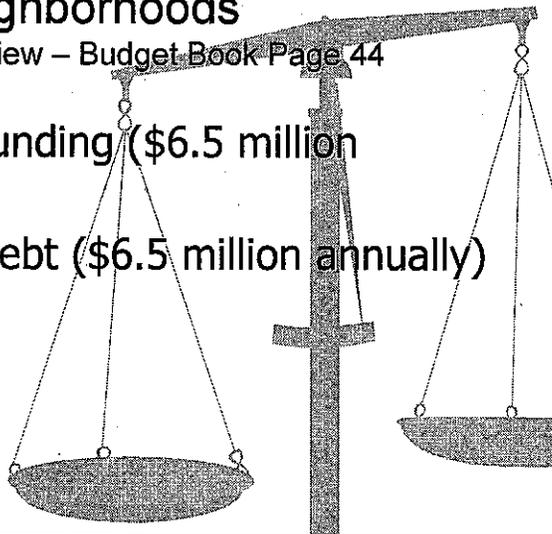


Mayor's Recommended 2010 Budget

Major Initiatives: State authorized funding for Target Center and Neighborhoods

Financial Overview – Budget Book Page 44

- Neighborhood funding (\$6.5 million annually)
- Target Center Debt (\$6.5 million annually)



2010 Recommended Budget Upcoming dates

- November 19 – Public Comment on Budget and Levy at 6:05pm
- December 2- Budget Mark-up (if needed, continuing December 3)
- December 7 – 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.ci.minneapolis.mn.us/city-budget/2010recc/>

Thank you for your interest and attention!