

December 2010

LETTER OF TRANSMITTAL

Dear Residents of the City of Minneapolis:

We are pleased to present the City of Minneapolis' 2011 adopted budget.

The 2011 adopted budget builds on many of the significant organizational and financial changes that have occurred in recent years and continues the City's commitment to long-term financial and business planning. The adopted budget is structurally balanced over the next five years, as indicated five-year financial direction in the financial plan section of this document.

Balancing the budget over five years continues to be challenged by financial pressures service demands and a need for reducing growth in property taxes. This budget reflects a continued willingness to make both short and long-term difficult decisions to address the City's financial challenges.

Short term financial challenges

The City's short term financial challenges for the 2011 budget were considerable. The budget reduces spending for City services by \$21 million at the same time the City's property taxes increased by 4.7% over 2010 levels. Additionally, department budgets were reduced for two years to reflect no increase in salaries. Future challenges anticipated in the 2011 budget include the impacts of the 2009 TIF district decertification on state aids, the Local Government Aid certification, rising pension obligations, and continuing growth in the cost of providing City services.

Long-Term Financial and Results Planning

The Financial Overview section of this document provides details on the City's continued fiscal discipline and financial planning efforts. An explanation of how to use this document is in the introduction section. The City's five-year capital program can be found in the "Capital Program" section of the document.

The City's long-term financial planning has taught us the value of matching our spending and revenue over the long term. These financial policies, and the strong work on linking resources to results through *Results Minneapolis*, have given us much better information upon which to base our decisions. Recent economic downturns and State budget cuts have led to unique

challenges at the City. Although we have shared in the solution, we will continue our practice of long-term planning.

Respectfully Submitted,

R.T. Rybak Mayor Barbara Johnson Council President Betsy Hodges

Chair, Ways and Means/Budget

City of Minneapolis 2011 Budget

How to Use This Document

The budget book contains some of the best sources of information on governmental activities as well as key financial information for policy makers and managers. The highlights below will guide the reader through the various sections of the 2011 budget document.

Introductory Section	This section, found before the first tab, includes lists of the City's elected officials, department and agency heads, the City's budget principles, and a City-wide organization chart.
Section 1: Table of Contents	The table of contents allows the user of the document to pinpoint the page of a particular part of the City's budget.
Section 2: Background Information	This section contains a community profile of the City of Minneapolis, including an overview of the City's history, economy, population, and attractions. A map of Minneapolis Communities and Neighborhoods and descriptions of the City's form of government are included in this section, as well as a chronology of financial decision making for the City.
	Descriptions of the major City funds are included in this section, including a bird's eye view of the relationship between fund types, revenue sources, expenditures and departments/boards.
Section 3: Strategic Planning	The strategic planning section lists the set of City goals and strategic directions which were adopted by the Mayor and the City Council in 2010. The Citywide strategic plan provides clear direction for departments' business planning efforts. Annual budget process, dates for this year's budget process, and a description of integration of key processes follow. The City's financial decision calendar displays the annual flow of these processes. Links between the City goals and department five year business plan goals are described in this section.
Section 4: Financial Policies	This section presents the major financial policies adopted by the City Council and Mayor.
Section 5: Financial Overview	This section summarizes the key decisions and financial issues addressed in the budget. It includes key charts and graphs which depict the various portions of the City's budget and key revenue trends. A chart of the Minneapolis property tax levy recommendation appears in this section.
	This section also contains a summary of major decisions in the budget, and enterprise level challenges.
Section 6: Financial Plans	Financial plans for the City's major funds and business lines are found in this section. The five-year financial direction begins this section. A summary of the demands on the property tax levy is included.
	For fund level plans, the budget, a three-year forecast and two years of actual expenditures are displayed on the financial page. These plans include narratives which summarize what operations are run in the fund, historical financial performance, and current year expenses, revenues, transfers and debt service.

Section 7: Financial Schedules	These schedules summarize interfund transactions, revenues by major category, expenditures by fund and agency, the community development block grant program, community planning and economic development program allocations, and positions by department, charges for technology, fleet, property services, rent, and general fund overhead costs by department, all referenced in the appropriation resolutions.
Section 8: Capital Program	This section outlines the capital program by funding source and in total. A narrative summarizes the program and presents operating cost impacts as described by applicants for the funds. Information about the City's debt – the legal debt margin, outstanding debt, amortization of the debt, and the bond redemption levy – is included. A separate table of contents and glossary are included for this section.
	The program is also summarized by the commission, board or department which submitted the request along with each major program. A five-year total of the capital program and its allocations are included. A presentation by amount requested by the department/agency, the capital long range improvement committee recommendation, the Mayor's recommend budget, and the adopted budget follows.
Section 9: Operating Departments	This section, the largest in the budget book, provides the most detail on a department-by-department basis, including departments' financial summaries. These summaries include expenditures by type (<i>i.e.</i> salaries, benefits, contractual services and operating expenses) and fund; the department's revenue estimates; and positions.
	The departments also prepare narrative summaries for their divisions, including primary businesses, links to City-wide goals, and performance measures. These summaries include a brief financial overview of the department prepared by finance staff. Department organizational charts are included in this section.
Section 10: Independent Boards and Agencies	This section provides information in a format similar to the City Council operating departments for independent boards and agencies. The amounts included are generally those most recently approved by the board of the organization.
Section 11: Glossary	A glossary is included for key financial and City terms. A more detailed glossary is available on the City of Minneapolis website. For more detail please reference the Glossary section of the City Council's Policies and Procedures page.

City of Minneapolis 2011 Budget

Elected and Public Officials

Mayor

R.T. Rybak

City Council

Barbara Johnson, President	4th Ward
Robert Lilligren, Vice President	6th Ward
Kevin Reich	1st Ward
Cam Gordon	2nd Ward
Diane Hofstede	3rd Ward
Don Samuels	5th Ward
Lisa Goodman	7th Ward
Elizabeth Glidden	8th Ward
Gary Schiff	9th Ward
Margaret Tuthill	10th Ward
John Quincy	11th Ward
Sandra Colvin Roy	12th Ward
Betsy Hodges	13th Ward

Board of Estimate and Taxation Board Members

R.T. Rybak Mayor
Barbara Johnson President, City Council
Betsy Hodges Chair, City Council Ways & Means/Budget Committee
Carol Becker President (Elected)
David Wheeler Vice President (Elected)
Robert Fine Park Board Representative

Minneapolis Park and Recreation Board Board Members

John Erwin	President, Commissioner at Large
M. Annie Young	Vice President, Commissioner at Large
Robert Fine	Commissioner at Large
Liz Wielinski	Commissioner District 1
Jon Olson	Commissioner District 2
Scott Vreeland	Commissioner District 3
Anita Tabb	Commissioner District 4
Carol Kummer	Commissioner District 5
Brad Bourn	Commissioner District 6

Charter Department Heads / Assistant City Coordinators

Patrick P. Born Chief Finance Officer Vacant Chief Information Officer Patrick Todd City Assessor Susan Segal City Attorney City Clerk Casey Carl City Coordinator Steven Bosacker Velma Korbel Civil Rights Director Sara Dietrich **Communications Director**

Community Planning and Economic Development

Mike Christenson Director

Jeff Johnson Convention Center, Director

Alex Jackson Fire Chief

Gretchen Musicant Health Commissioner
Pamela French Human Resources Director

Gene Ranieri Intergovernmental Relations Director Magdy Mossaad Internal Auditor

Don Stickney 311 Director

David Rubedor Neighborhood and Community Relations Director

Rocco Forte Director of Regulatory Services
Timothy Dolan Police Chief

Steve Kotke Public Works Director/City Engineer

Independent Boards/Agencies

Cora McCorvey

Public Housing Authority Executive Director

Minneapolis Park and Recreation Board

Jayne Miller Superintendent

City of Minneapolis 2011 Budget

Budget Principles

1. Secure the City's long-term financial health.

- ◆ Plan budgets based on ten-year outlook.
- ◆ Balance budgets across all funds.

2. Live within our means

- ♦ Adopt a revenue and debt policy before making spending decisions.
- ◆ Adopt consistent budget policies across all City government units including independent boards.

3. Challenge assumptions – nothing is off the table.

- Development agency resources are City resources.
- ◆ Unexpected revenue sources go through the same budget process as other revenue.
- ♦ While some functions may be identified as core services, they will also be scrutinized for efficiencies like anything else.

4. Provide choices and competition.

- Departments will provide business plans that include feasible budget options to policymakers.
- ◆ Elected officials will make strategic resource decisions, not across-the-board cuts.
- Individual projects in a particular area must not be considered for funding independently of other projects.

5. Build in collaborative and transparent decision-making.

◆ Mayor will involve Council Members and independent agencies and boards in the development of the budget. Employee suggestions and the citizen survey will also be used.

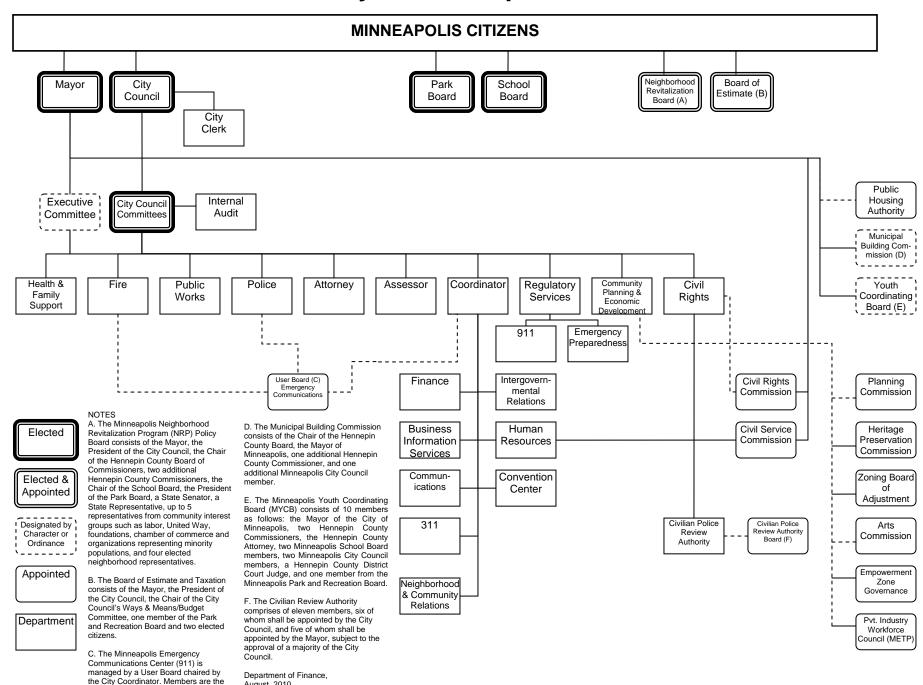
6. Protect core service delivery by avoiding duplication – both internal and external

- ◆ Between different City departments and agencies,
- ♦ With the County, the State, independent boards, or other levels of Government, and
- ♦ With non-profits or the private sector.
- ♦ Consolidation or realignment of critical functions is an option.

7. Demand accountability.

- ◆ Departments are expected to produce measurable outcomes (x dollars = y level of service). Failure to produce measurements will not result in escape from budget cuts.
- ◆ Department heads must manage to original budget.

City of Minneapolis



August, 2010

Police Chief, the Fire Chief and the Hennepin County Administrator.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Minneapolis

Minnesota

For the Fiscal Year Beginning

January 1, 2010

President

Executive Director