



Dear Minneapolis residents,

Every four years the City engages in strategic planning to determine Citywide goals and strategic directions. In April of 2010, the Mayor and the City Council articulated six Citywide goals. These goals guide the elected officials during the budget process as they decide how to commit the City's resources.

#### **A Safe Place to Call Home**

People and businesses thrive in a safe and secure city

#### **Jobs & Economic Vitality**

A world-class city and 21st century economic powerhouse

#### **Livable Communities, Healthy Lives**

Our built and natural environment adds character to our city, enhances our health and enriches our lives

#### **Many People, One Minneapolis**

Inclusiveness is a treasured asset; everyone's potential is tapped

#### **Eco-Focused**

Minneapolis is an internationally recognized leader for a healthy environment and sustainable future

#### **A City That Works**

Minneapolis is a model of fiscal responsibility, technological innovation and values-based, results-driven municipal government

These goals can be found in more detail on the City's Web site at [www.ci.minneapolis.mn.us](http://www.ci.minneapolis.mn.us).

If you have questions about any of the material presented in the Budget in Brief, please call 311, available on any land line or cell phone within Minneapolis City limits. 311 is the only number you need to call for City of Minneapolis information and services. For online information about Minneapolis program performance and progress, go to <http://www.minneapolis.mn.gov/results-oriented-minneapolis/resultsmnneapolis.asp>.



## 2012 City of Minneapolis Budget in Brief

### Budget Process

#### **Mayor's Recommended Budget**

*June through August*

The Mayor holds budget hearings to review departmental budget proposals, other policy changes, and alternative funding options. After the initial review, the Mayor provides at least an overview of the recommended budget and tax policy in August. For 2012, the full budget was released in September.

#### **City Council Budget Review and Development**

*October through November*

The City Council discusses the Mayor's recommended budget. Each department, and certain Boards and Commissions, presents its budget to the Ways and Means/Budget Committee with all Council members invited to attend. After these hearings, the Ways and Means/Budget Committee makes changes to the Mayor's Recommended Budget and forwards it to the full City Council.

#### **Truth in Taxation**

*November*

Truth in Taxation (or "TNT") property tax statements are mailed by Hennepin County to property owners indicating the maximum amount of property taxes that the property owner will be required to pay from all taxing jurisdictions. These statements also indicate the dates when truth in taxation public hearings will be held. This year the City's TNT public hearing was held on December 14, 2011.

#### **City Council Budget Adoption**

*December*

At a public hearing held on December 14, 2011, the City Council adopted a final budget that reflects any and all changes made to the Mayor's recommended budget. The final budget is referred to as the "adopted budget."

# THE CITY'S FUNDS

The accounts of the City are organized into funds. A fund is a group of related accounts, used to control money that has been dedicated for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to comply with laws that require certain money to be spent on specific uses. About 72 percent of the City's revenue is dedicated for a specific use. That means the City may not raise water bills to pay for police services, for example. Of the City's \$1.22 billion 2012 Adopted budget, most of the big spending decisions occur within the City's \$337.9 million general fund.

## REVENUES AND EXPENDITURES - CITYWIDE

### Police and Fire

The Police and Fire Departments make up 15.3 percent (\$188 million) of the City's budget, and 53 percent of the City's general fund. The City's 2012 Adopted budget funds 843 sworn police in five different precincts and 389 firefighters at 19 stations.

### Community Planning & Economic Development

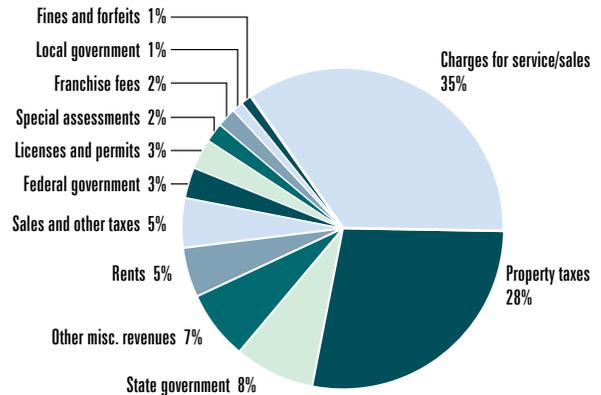
The Community Planning and Economic Development (CPED) Department accounts for about 5.2 percent (\$63.5 million) of the City's budget. CPED's work includes the following goals: promoting a healthy economy by working with private businesses, developing an educated workforce and living-wage jobs, administering programs for housing development and redevelopment, and interpreting and enforcing zoning codes.

### Public Works

The Public Works Department makes up the largest part of the City's budget (24.5 percent, \$299.6 million). The main tasks of Public Works include the following: offering safe transportation to residents by maintaining streets, bike paths and sidewalks; offering high-quality drinking water to residents and visitors by managing the sewer and water system, and facilitating the collection and disposal of garbage and recycling.

### Total Revenue Budget – Sources of Funds

2012 Adopted Budget: \$1.17 billion



**Federal government** includes grant revenue received from the Federal government

**Fines & forfeits** includes revenue generated by traffic violations or property forfeiture

**Franchise fees** is revenue from utility companies who pay to use of the City's right of way

**License and permits** is revenue generated by license and permit function of City, for example, building permits

**Local government** is revenue from Hennepin County

**Other misc. revenues** includes contributions, gains, interest, and long-term liabilities

**Property taxes** include tax increment funding used to fund development in economically disadvantaged areas of the City.

**Rents:** City departments pay rent to cover building maintenance and safety updates

**Sales and other taxes** include taxes unique to the City. The City of Minneapolis collects a 0.5 percent sales tax. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales that are dedicated to help fund the Convention Center. Minneapolis sends 6.875% of the total sales tax collected to the State of Minnesota.

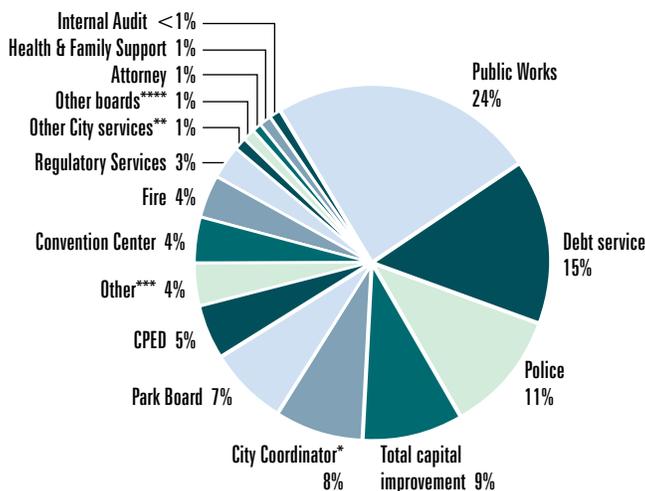
**Special Assessments** are charged to property owners for sidewalk replacement, street projects, and delinquent utility bills.

**State government revenue** comes from the State of Minnesota. The largest source is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the State. In 2012, Minneapolis was appropriated \$64.1 million. In 2011, Minneapolis was appropriated \$87.5 million, but received just \$64.1 million. For more information on LGA and the distribution formula, please visit <http://www.house.leg.state.mn.us/hrd/topics.asp?topic=32>.

**Charges for services/sales** include utilities that residents pay for such as water, sewer, stormwater, garbage removal and recycling.

### Total Expense Budget – Use of Funds

2012 Adopted Budget: \$1.22 billion



\* Includes Human Resources, Finance, 311, Intergovernmental Relations, Communications, Neighborhood and Community Relations, BIS, 911 and Emergency Preparedness

\*\* Includes Assessor, City Clerk/Elections/Council, Civil Rights and Mayor

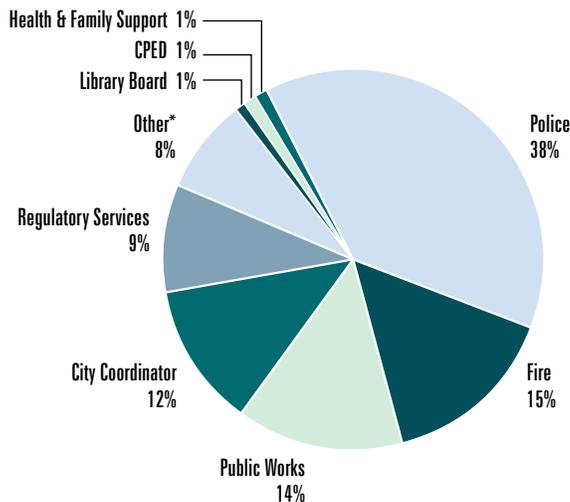
\*\*\* Includes self insurance, contingency and certain pension obligations

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

# REVENUES AND EXPENDITURES - GENERAL FUND

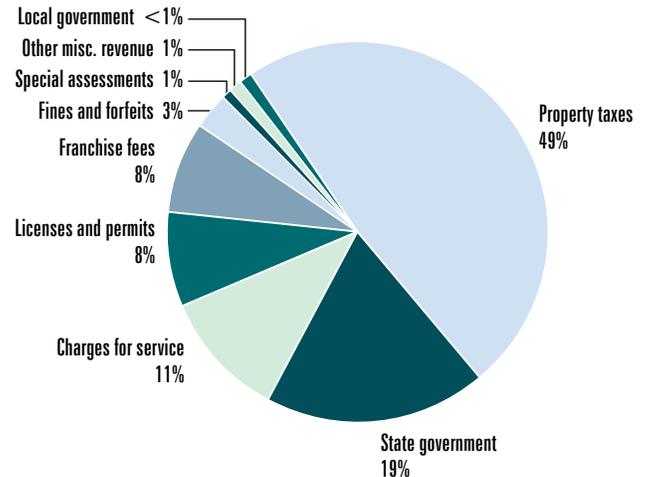
The fund where the City has the most discretion is the General Fund. The two major sources of funding for the General Fund are local property taxes and Local Government Aid from the State. These two sources make up 68 percent of the General Fund budget of \$337.9 million. The General Fund is about 28 percent of the citywide budget. Here is a more detailed look at the General Fund:

**General Fund Expense Budget – Expenditures by Services**  
2012 Adopted Budget: \$337.9 million



\* Other departments: Assessor, Attorney, Council/Clerk/Elections, Civil Rights, Internal Audit, Mayor, Contingency

**General Fund Revenue Budget – Sources of Funds\***  
2012 Adopted Budget: \$357.0 million



\* Category descriptions are the same as the Total Revenue Budget graph

## CAPITAL PLAN

Prior to the Mayor presenting his recommended Budget to the City Council, elected officials gather feedback from residents regarding what capital projects the City should undertake. The Capital Long-Range Improvement Committee consists of 33 residents (seven appointed by the Mayor and two appointed by each of the 13 Council members to represent their wards). CLIC members rank proposed capital projects and present their recommendations to the Mayor and City Council.

Every year, the City adopts a plan for capital improvements for the next five years. Capital improvements include projects such as street construction, bridges, public buildings, traffic systems, park improvements, sewers, water infrastructure, etc. Capital projects tend to be costly, so the City often issues bonds to finance these projects. The City uses the cash received from bond sales to pay for capital projects, and repays investors over time at tax exempt interest rates determined by competitive bids received at the time the bonds were issued. This process is similar to a homeowner taking out a home improvement loan to complete a major home repair project.

The 2012 budget includes the 2012 - 2016 five-year capital plan. The five-year total for the capital budget is \$641.7

million, with 91 percent of it within the Public Works Department. The three biggest capital expense categories include street paving (\$268 million), storm sewers (\$99 million) and water infrastructure (\$98 million).

### Debt Service and Bonds

The City's total general obligation debt outstanding as of December 31, 2011, is approximately \$883 million. General obligation bonds are backed by the full faith and taxing authority of the City. Approximately 21% of this debt is paid for with future property tax payments, 34% is paid for by fees collected for sewer, water and parking services and the balance is supported by sales taxes, tax increment, special assessments and other user fees. Annually, the City pays between \$125 - \$150 million in principal and interest on its general obligation bonds.

The City's bonds receive the highest possible ratings from all three major credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City's top bond ratings reflect the sound financial management of the City and allow the City to borrow money from investors at low interest rates.

# PROPERTY TAX DOLLAR BREAKDOWN

Your property tax dollars are split among several different organizations. The three organizations that receive the greatest proportion of your property taxes are the City of Minneapolis, Hennepin County, and Special School District No. 1. The City typically receives about 43 percent of the revenue from property tax payments made by City residents. Hennepin County receives about 28 percent, and the School District about 26 percent. The other 4 percent of property tax revenue is split between Metro Mosquito Control, Metropolitan Council, Metro Transit, the Minneapolis Institute of Arts, Hennepin County Regional Railroad Authority and the School Board referendum.

## 2012 Adopted Budget Property Tax Breakdown

Under the 2012 Adopted Budget, a Minneapolis home with an estimated value of \$194,400 will pay about \$3,119 in total property taxes, with approximately \$1,340 going to the City. See where that \$1,340 goes on the following chart and table:

## City Property Tax Breakdown for Home Valued at \$194,400

Tax per City service sector	In dollars
Police	\$ 284.50
Fire	115.53
Public Works	74.76
Other City departments	163.59
Closed pension funds and pension management plan	214.25
Capital and debt service	94.03
Miscellaneous	103.03
Library referendum debt service	44.28
Park	224.81
Independent boards	21.21

**Property Tax Breakdown**  
2012 Adopted Budget



# UTILITY RATES

The City charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2012 Adopted Budget, utility rates for a home with the average consumption will increase approximately 6.7 percent from 2011 rates. In 2012, water and sanitary sewer rates will include a fixed component based on meter size, in addition to a usage component.

## Average Annual Utility Bill Cost

Combined utility bill cost for average Minneapolis consumer

	2011	2012 Monthly Average	2012 Annual Average	2012 monthly \$ change	2012 % change
Water	\$ 25.60	\$ 27.60	\$ 331	\$ 2.00	7.8%
Sanitary Sewer	18.30	21.30	256	3.00	16.4%
Stormwater	11.42	11.70	140	0.28	2.5%
Solid Waste/Recycling	24.00	24.00	288	0.00	0.0%
<b>Total</b>	<b>79.32</b>	<b>84.60</b>	<b>1015</b>	<b>5.28</b>	<b>6.7%</b>

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If you need this material in an alternative format please call 612-673-2162. Deaf and hard-of-hearing people call at 612-673-3000. TTY users call 612-673-2157 or 612-673-2626.

Attention- If you have any questions regarding this material please call 311. Hmong - Ceeb toom. Yog koj xav tau kev pab txhais cov xov no rau koj dawb, hu 612-673 2800.

Spanish - Atención. Si desea recibir asistencia gratuita para traducir esta información, llame 612-673-2700.

Somali - Ogow. Haddii aad dooneyso in lagaa kaalmeeyo tarjamadda macluumaadkani oo lacag la' aan wac 612-673-3500.