



Dear Minneapolis residents,  
Every four years the City engages in strategic planning to determine Citywide goals and strategic directions. In June of 2006, 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**  
housing, health & safety

**One Minneapolis**  
equal access, equal opportunity,  
equal input

**Lifelong Learning Second to None**  
schools, libraries & innovation

**Connected Communities**  
great spaces & places, thriving  
neighborhoods

**Enriched Environment**  
greenspace, arts, sustainability

**A Premier Destination**  
visitors, investment & vitality

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).



## 2009 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 recommends a budget to the City Council no later than Aug. 15.

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

*October through November*

The City Council discusses the Mayor's recommended budget. Each department presents its budget and changes to their business plans to the Ways and Means/Budget Committee with all Council members invited to attend. After these hearings, the Ways and Means/Budget Committee forwards a budget to the City Council with any changes made to the Mayor's recommendations.

#### **Truth in Taxation**

*November*

Truth in Taxation statements are mailed out to residents in mid-November with the maximum amount of property taxes the property owner could be required to pay on that property in the coming year. Truth in Taxation public hearings are held every year in late November or early December. Residents and other taxpayers are invited to attend these public hearings and share their opinions regarding the Truth in Taxation statements.

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

*December*

The City Council adopts 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 earmarked for specific activities or objectives. By keeping revenue in its appropriate funds, the City is able to obey laws that require certain money to be spent on specific uses. About 75 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 \$1.4 billion 2009 revised budget, most of the big spending decisions occur within the City’s \$364 million General Fund.

## REVENUES AND EXPENDITURES - CITYWIDE AND GENERAL FUND

### CITYWIDE

#### Police and Fire

The Police and Fire Departments make up 12.3 percent (\$173 million) of the City’s budget. The City’s 2009 revised budget funds 892 police officers in five different precincts and 424 firefighters at 19 stations.

#### Community Planning and Economic Development

The Community Planning and Economic Development (CPED) Department accounts for about 8.9 percent (\$125 million) of the City’s budget. CPEDs 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 (21.4 percent, \$301 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.

**Property taxes** are a major source of revenue for the City. The City receives about 41 percent of your property tax payments. For more information on property taxes, please see the section on the back page titled “Property Tax Dollar Breakdown.”

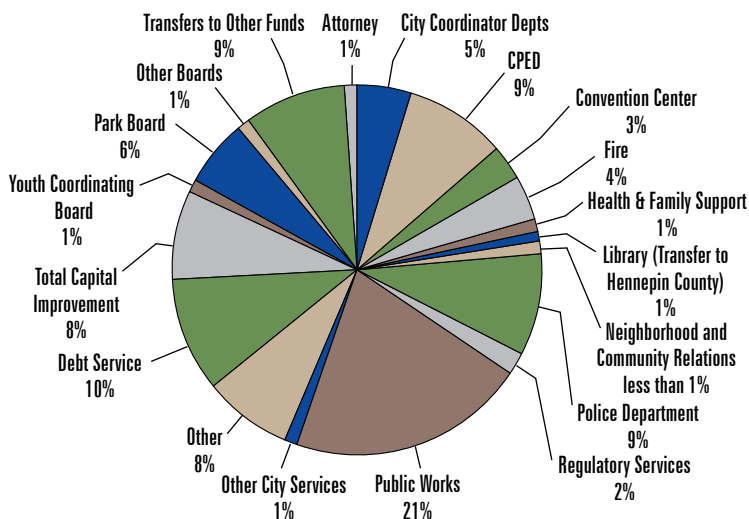
**Charges for services** include utilities that residents pay for such as water, sewer, stormwater, garbage removal and recycling.

**State government** revenue is money that comes from the State of Minnesota - the largest source of which is Local Government Aid (LGA). The State of Minnesota uses a formula to distribute LGA funds to cities in the State. In the Governor’s 2009 budget proposal, LGA to Minneapolis is cut by \$16.9 million. For more information on LGA and the distribution formula, please visit <http://www.house.leg.state.mn.us/hrd/topics.asp?topic=32>.

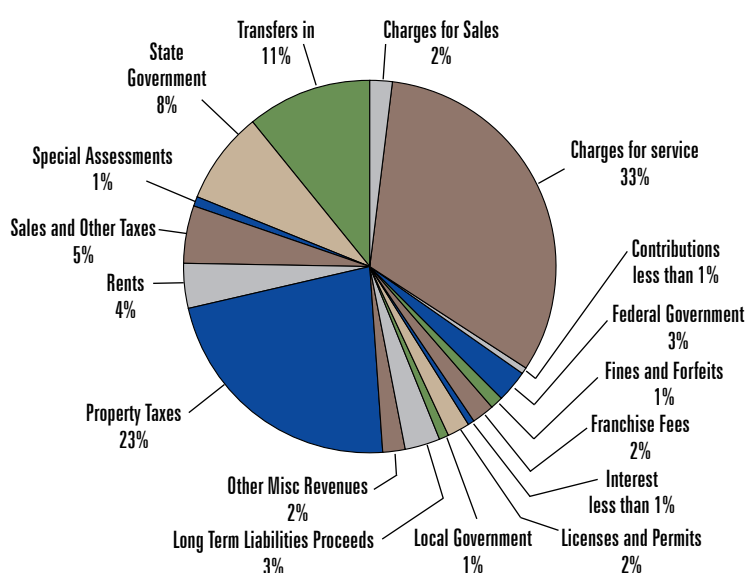
**Tax increment property tax** revenue is money being paid back to the City. Sometimes the City issues bonds to fund development in an economically disadvantaged district of the City. Then when the development begins to pay property taxes, the taxes go to the City to repay the bonds.

**Sales and other taxes** include some taxes unique to the City. The City of Minneapolis collects a 0.5 percent sales tax that is dedicated to help fund the Convention Center. The City also collects additional taxes on lodging, restaurant, liquor and entertainment sales.

**Total Expense Budget – Use of Funds**  
2009 Revised Budget: \$1.4 billion



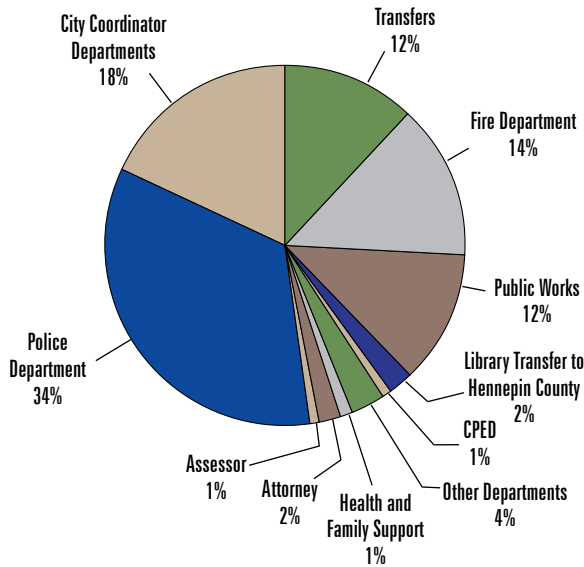
**Total Revenue Budget – Source of Funds**  
2009 Revised Budget: \$1.4 billion



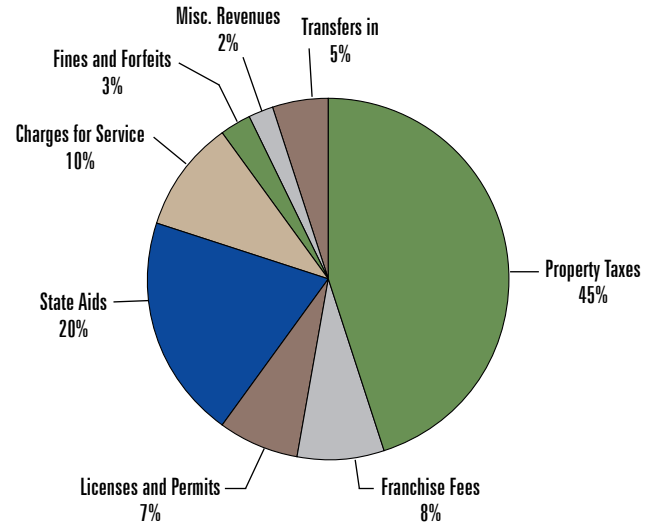
## GENERAL FUND

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. The General Fund budget is \$364 million, about 26 percent of the citywide budget. Here is a more detailed look at the General Fund:

**General Fund Expense Budget – Expenditures by Services**  
2009 Revised Budget: \$364 million



**General Fund Revenue Budget – Sources of Funds**  
2009 Revised Budget: \$364 million<sup>1</sup>



<sup>1</sup> Property tax and local government aid for libraries are included.

## CAPITAL PLAN

Every year, the City adopts a plan for capital improvements for the next five years. Capital improvements include projects such as bridge repair, street construction and park improvements. Capital projects tend to be costly, so the City issues bonds to help cover the cost. The City sells bonds to investors, uses the money from the bond sale to fund capital projects, and repays the investors over time at an interest rate that was negotiated at the time the bonds were issued. This process is very similar to a homeowner taking out a home improvement loan to complete a major home repair project.

The 2009 revised budget includes the 2009-2013 capital budget. The five-year total for the capital budget is \$521.7 million, with 90 percent of it within the Public Works Department. The three biggest capital expenses included in the budget are water (\$119 million), street paving (\$140 million), and stormwater sewers (\$71 million).

### Debt Service and Bonds

Right now, the City's total outstanding debt is about \$1.1 billion. The most common type of debt is called general obligation debt, which uses future property tax payments as a guarantee for payment. Some types of debt, such as maintaining the water plant, are repaid using specific revenue sources like utility payments.

The City's bonds receive ratings from credit rating agencies. The ratings represent the strength of the City's credit and thus the safety of investing in City bonds. The City has very high bond ratings, which reflect the sound financial management of the City and allow the City to borrow money from investors at a low interest rate.

### Capital Long-Range Improvement Committee (CLIC)

Elected officials need 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.

# 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 41 percent of the revenue from property tax payments. Hennepin County receives about 26 percent, and the School District about 28 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.

Under the 2009 Revised Budget, a Minneapolis home with an estimated value of \$216,000 will pay about \$1,224 in property taxes to the City in the year 2009. See where that \$1,224 goes on the following chart and table:

## City Property Tax Breakdown for Home Valued at \$216,000

Police .....	\$238.67
Fire .....	\$103.87
Public Works .....	\$65.37
All Other City Departments .....	\$283.43
Pensions .....	\$112.16
Capital & Debt Service .....	\$116.74
Park .....	\$213.30
Library Operations .....	\$56.56
Other Independent Boards.....	\$33.50
<b>TOTAL of City portion .....</b>	<b>\$1,223.59</b>

### 2009 Adopted Budget Property Tax Breakdown



## UTILITY RATES

The City charges for the following utilities: tap water, managing stormwater, managing sanitary sewers, and garbage/recycling. In the 2009 Revised Budget, utility rates for a home with the average consumption will increase 5 percent from 2008 rates.

### Average Utilities

	2008	2009	% change	\$ change
Water	\$264	\$279	6%	\$ 15
Stormwater	\$123	\$129	5%	\$ 6
Sanitary Sewer	\$176	\$188	7%	\$ 12
Solid Waste/Recycling	\$276	\$288	4%	\$ 12
<b>Total Utilities</b>	<b>\$839</b>	<b>\$885</b>	<b>5%</b>	<b>\$ 46</b>

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.ci.minneapolis.mn.us/results-oriented-minneapolis/resultsminneapolis.asp>.