

Mayor's 2010 Supplemental Budget

April 8, 2010

Mayor R.T. Rybak

What is the cut to the City?

City General Fund	(\$9.18 million)
Park Board	(\$1.58 million)
Municipal Building Commission	(\$0.14 million)
Total 2010 Reduction	(\$10.9 million)

How much is \$9.18 million?

- 104 police officers or 108 firefighters
- \$1.1 million more than the cost of our 911 call center
- 1 year of filling potholes and other street maintenance
- 3 years of electricity for streetlights
- 1 winter of snow plowing and sanding streets
- 1 year of Criminal Division services in the City Attorney's Office

We were prepared

- Long-term financial planning
 - Reasonable Reserves
 - Balanced budget over five years
 - Debt Payoffs (\$130M in 8 years)
- Setting clear priorities
- Decisive action in 2009 and 2010
- Tying resources to results

State vs. City spending

State increase 2001-2010*

56%

City increase 2001-2010*

7%


*Estimated, all funds

Independent review of City's financial practices

- **Moody's:** “During the past decade, Minneapolis’ strong financial controls and multi-year financial planning practices have enabled the city to maintain and rebuild financial reserves despite significant budgetary challenges.”
- **Standard & Poor's:** “...expectation that the city will maintain a strong fund balance position as it continues to use its strong financial management practices to monitor expenditures, especially given the likelihood of continued local government aid reductions.”
- **Fitch:** “...the primary risk to the city continues to be reductions in state aid.” However, “the city’s financial stewardship is conservative and experienced, having successfully dealt with prior sizeable state aid reductions in the past.”

Meeting the challenge

1) Permanent cuts made last year	\$4.5 million
2) Additional Spending Cuts	\$1.1 million
3) One-time Revenue (includes \$3M one-time 2009 revenue + \$600K in 2010 Public Works Revenues)	\$3.6 million
Total	\$9.18 million



This plan is accomplished with no
new layoffs.

1) Last Year's Cuts — \$4.5M

- City leaders anticipated additional cuts and transferred \$4.5M into the City's contingency
- Anticipated grim state budget outlook — reserves and contingency help manage uncertainty

2) Additional Spending Cuts — \$1.1M

- Eliminating vacant positions
- Reducing supplies, technology, training
- Finding efficiencies through business-process improvements

3) Fill gap with one-time revenue — \$3M

Fill State Aid Gap*	\$3.0 million
Pension Debt Avoidance	\$2.8 million
Innovation Funds	\$3.7 million
TOTAL AVAILABLE ONE-TIME REVENUE	\$9.5 million

* Earlier cut is reduced by \$550K in increased Public Works revenue

Innovation Funds

\$3.7 million to reduce future spending and maintain an effective workforce with fewer resources

- \$1.2 million to increase use of wireless network
- \$1.0 million for pothole filling and sealcoating
- \$1.5 million for business-process improvements, incentives and new technology

Looking ahead to 2011

- Growing State budget deficit — \$5.8 billion projected (\$7.0 billion if inflation is included)
- Increasing pension-fund commitments
- Rising health-care costs
- Growing demands on City's infrastructure
- Unsustainable property-tax increases

Ongoing strategies

- Sound financial management
- Continued innovation
- Focus on priorities