

**CITY OF PLYMOUTH
AGENDA
SPECIAL COUNCIL MEETING
APRIL 28, 2009, 5:00 p.m.
MILLENNIUM GARDEN AND
MEDICINE LAKE CONFERENCE ROOM**

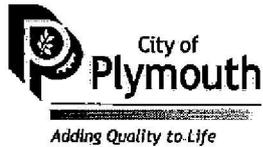
1. Call to Order.
2. Dedication of artwork at Millennium Garden.
3. Preliminary budget discussion.

Part 1

Part 2

Part 3

4. Set future Study Sessions.
5. Adjourn.



**SPECIAL
COUNCIL MEETING**

April 28, 2009

To: Laurie Ahrens, City Manager

Prepared by: Calvin Portner, Director of Administrative Services

Reviewed by:

Item: Preliminary Budget Discussion

1. ACTION REQUESTED:

Provide staff with direction for the General Fund 2010 budget levy.

2. BACKGROUND:

REVENUE

Levy Limit Projection (Attachment #1)

Attachment #1 shows a side-by-side comparison of past general levies and two projected levy options calculated with the best information we have at this time, one calculated at the maximum amount the city could levy and the second freezing the levy at the 2009 number.

2009 Levy amount – The 2009 total levy was \$28,898,845.62, a 5.14% increase over 2008. This is shown in Column A.

Maximum Projected 2010 Levy – As of now, the state-mandated levy limit utilizes the implicit price deflator to calculate the annual levy increase. Currently, the implicit price deflator is at 2.2%. The statute exempts special levies from the calculation. Estimated public safety wage and benefit increases, adjusted bond payments and inflationary-adjusted special levies for street reconstruction, recreation and the Capital Improvement Fund and Mandated PERA increases are shown in Column B. Also shown is an estimated amount for repayment of new Open Space Bonds, if sold in 2009.

2010 Levy with Special Levies frozen at 2009 levels – Columns C & D show projected 2010 increases with special levies and the total levy frozen at the 2009 Total Levy amount of 28,898,845.62. Column D shows the impact of a potential Open Space Bond payment on the general levy.

Property Tax Tolerance (Attachments #2 & #3)

Attachments #2 and #3 show the projected tax impact on three properties.

Maximum Projected 2010 Levy – Tax impact of the maximum levy on average, above and below homes and on \$1 million commercial property. The impact of the maximum levy for 2010, if all other revenue streams are maintained and if expenditure projections do not change substantially would require a General Fund cut of approximately \$750,000.

2010 Levy with Special Levies frozen at 2009 levels – Tax impact without public safety and PERA increases added to the general levy. The impact of the frozen levy if all other revenue streams are maintained and if expenditure hold true would require a General Fund cut of \$1.24 million.

Market Value Homestead Credit (MVHC)

The governor un-allotted \$500,000 in MVHC from the City of Plymouth for 2009 and \$248,000 in 2008. The projection does not include revenue for the tax credit. Because of the uncertainty of the credit, Plymouth had the means and the foresight to place the MVHC receipts in the Street Reconstruction Fund. The fund will need more general tax levy support and/or bonding to maintain our planned reconstruction projects.

Permit Revenue

Plymouth had traditionally budgeted permit revenue conservatively. For 2009, revenue was decreased \$375,000 from the prior year. In all, \$1.8 million in revenue was projected for 2009.

Fines/Forfeitures

The city receives about \$900,000 in fine and forfeiture revenue each year. The concern going forward is a Hennepin District Court proposal to discontinue collection of certain fines as well as an increased transportation cost if the Ridgedale Satellite Court is closed and officers have increased travel time, overtime and parking costs to appear in court.

EXPENDITURES

New for 2010

At this time, staff has not discussed the addition of new resources or programs. Potential organizational changes were discussed and the reallocation of existing resources to meet necessary program/activity changes. The CIP includes about \$140,000 in General Fund expenditures. Contractual Services accounted for more than five million dollars (about 18%) in General Fund expenditures for 2009.

Street Reconstruction Levy

The city levied \$2,458,092 for street reconstruction for 2009, \$155,000 more than the year before. It was anticipated we would need to bond for 2010 street reconstruction after the 2009 recon season, however recent council decisions may push the need to bond for street reconstruction out to 2011. The 2003C Street Reconstruction Bonds will be paid off in 2009 (\$424,000).

Open Space Levy

Last year, the city added a \$255,000 bond payment to the levy. We anticipate another bond sale this year for the Northwest Greenway, which would increase our levy for 2010.

Sales Tax increase

Minnesota voters elected last November to increase the state sales tax by .375% for environmental protection concerns. The added sales tax will have a small impact (approximately \$20,000?) on taxable city expenditures.

Fire Fighter Pension

Market changes due to the economy have created pension fund issues in a number of cities including Minnetonka and Bloomington. Those cities are levying funds to make up for lost investments. The City of Plymouth is continuing to measure the situation but from our most recent audit report, the pension fund is sufficient.

Projected Wage/benefit Increases

The city's general fund payroll in 2009 was approximately \$14.3 million. Public safety accounted for \$6.6 million of the general fund payroll. Public Works and Clerical/Technical/Professional union contracts are settled for 2010 and include a 2% general increase. The projected general fund increase for non-public safety wages and benefits is \$615,000 for 2010.

Public safety payroll for 2009 was approximately \$7.2 million. The patrol officers and sergeants will open negotiations for 2010 contracts late this year. The total public safety (police and fire) increase is projected to be \$150,000 for salaries. Benefits are projected to increase by \$60,000.

The total projected personal service increases on the 2009 payroll are expected to increase approximately \$800,000.

Tax Delinquencies

The past two years, Plymouth budgeted \$20,000 for tax abatements. Due to the economy, a number of communities are budgeting 1 to 2% less revenue to cover for lost/delayed tax revenue from tax delinquencies. The city currently has a fund (Reserve Fund 408), which was created to cover tax abatement losses and loss of past state aid.

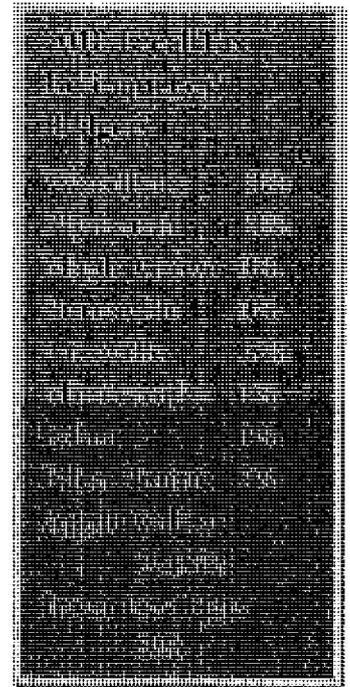
With the changing economy, it is expected to see more delinquent taxes in the near term. Since the properties typically repay the tax upon future sale of the property, it may be worthwhile to account for delinquency through Reserve Fund 408.

Energy increases

An internal review was completed in 2008 to account for increases in energy costs for fuel and electricity. The 2009 Budget included a motor vehicle fuel increase of \$110,000 over 2008 and a natural gas increase of \$40,000.

Internal Service Funds

Analysis was completed or will soon be completed on our internal service funds. The analysis shows a historical imbalance of charges to funds other than the general fund. Correction is necessary to properly reflect revenue and expenditures; however it may need to be phased in over an



unspecified period of time to ensure we meet budgetary needs and budget priorities.

Central Equipment Fund – (Attachment #3) The Central Equipment Fund analysis was brought to council for review in March of 2008. The report shows a \$420,000 shortfall in allocation imbalance to the General Fund.

Facilities Management Fund – (Attachment #4) The facilities review was recently completed and also shows structural imbalance against the General Fund of \$510,000.

ITS – The IT fund will undergo a number of allocation changes, however they are all expected to be within the General fund and would not impact the budget.

Employee Benefit Fund – The Employee Benefit Fund is reported each year in the CAFR and adjustments are made to ensure it is actuarially sound. We currently make some transfers to the fund through allocations to departments and charge some expenditures directly to department budgeted line item. We will streamline the fund allocation for the next budget for ease of understanding and improved transparency.

Risk Management – The Risk Management fund will be completed this spring, but a preliminary analysis shows that allocations were increased to maintain the fund but it appears the General Fund share may have been lower than actual expenditures.

Budget Prioritization

The City Manager and directors met in two study sessions to identify the programs and activities provided by the City of Plymouth. They sorted the activities into three categories, *Mandatory*, *Discretionary* and *Political* and then prioritized the activities/programs on a scale of 1-4. The work is still in progress.

The process began with a Webinar produced by ICMA called *Fiscal Distress: How to Diagnose the Cause and Identify the Right Solutions*. Staff then identified the core services expected to be provided by the city. Staff then looked for items that are currently, could or should be provided by another organization or entity. They also looked for activities that are duplicated throughout the organization or that may be better provided by another component of the city organization. Lastly, they looked at the cities changing needs and discussed opportunities to decrease or change operations.

Working Philosophy

There are a number of means to build a budget to meet the community need and targeted revenue. The staff exercise took an approach to identify structural change that can be sustained in the current economy, as well as into the future. Further, the approach looked for innovative means to accomplish activities though organizational restructuring, partnerships with other entities, discontinuing activities or decreasing the General Fund tax subsidy for the activity.

Temporary Organization Structural Changes – One-time changes made to reflect the current economic conditions such as using fund balance, sun setting/temporary increases in fees, and other one-time tools. Negative: not sustainable over time, may impact bond rating if fund balance is used, delays the inevitable. Is the time to use reserves?

Longer-term Organizational Structure Changes – Aligns needs, mission and resources. Makes difficult decisions early and implements them at the same time. Negatives: Shock to organization. Costs of layoffs are up front for unemployment.

Planned Future Structure Change – Identify potential staffing vacancies 3-5 years out and slowly move the organization to restructure as vacancies occur. This would avoid large-scale

layoffs. Negatives: Can't count on proper resources available in right areas, delays the inevitable and may not increase organizational efficiency.

More Typical/Common Emergency Budgeting – continue to prioritize budget as information is available. Begin cuts with ancillary items such as conferences, schools, professional services. Use vacancy rate, contingency fund and fund balance as needed. Negatives: Across-the-board cuts don't result in long-term savings, they may not address city needs/priorities and are often detrimental to morale.

Lastly, the last three attachments are reference information you may find helpful. Attachment #6 is the ICMA white paper *Navigating Fiscal Crisis: Tested strategies for local leaders*. Attachment #7 are the budget instructions provided to directors and Attachment #8 is the memo distributed to council before your goals discussion in January, which has a historical matrix of levy and budget increase from 2002 to present.

3. BUDGET IMPACT:

N/A

4. ATTACHMENTS:

- 1) Levy Limit Projection Calculation
- 2) Property Tax Tolerance – Maximum Levy
- 3) Property Tax Tolerance – Zero Increase
- 4) Central Equipment Fund Memo
- 5) Facilities Management Fund Memo
- 6) ICMA White Paper Navigating the Fiscal Crisis
- 7) February 10, 2009, Memo – Budget Priority Discussion
- 8) January 22, 2009, Memo – Council Goals Discussion Background

2010 LEVY

Levy:	2009 Revised MAX	2009 in Concept		2009 Amended		COLUMN A	COLUMN B	COLUMN C	COLUMN D	End of Levy
			with new levy		final public safety calc	2010 Projected	2010 Projected w/no levy increase or open space	2010 Projected w/no increase-but new levy		
General Fund	22,066,933	\$22,445,238	\$22,445,238	\$21,890,489.00	\$12,856,138.00	\$13,244,314.00	13,136,518.68	12,886,518.68		
PERA	101,012			\$101,012.00	\$101,012.00	\$111,525.00	111,525.00	111,525.00		
Police	453,737			\$453,737.00	\$9,231,614.00	\$9,354,167.00	9,354,167.00	9,354,167.00		
Market Value Aid	510,000	\$450,000	\$510,000	\$510,000.00	\$510,000.00	\$510,000.00 will lose	510,000.00	510,000.00		
Street Reconstruction	2,458,092	\$2,458,092	\$2,458,092	\$2,458,092.00	\$2,458,092.00	\$2,531,834.76	2,458,092.00	2,458,092.00		
Recreation Fund	678,497	\$678,497	\$678,497	\$678,497.00	\$678,497.00	\$698,851.91	678,497.00	678,497.00		
Capital Improvement Fund	358,216	\$358,216	\$358,216	\$358,216.00	\$358,216.00	\$368,962.48	358,216.00	358,216.00		
GO 2003B Street Recon Bonds	178,355	\$184,000	\$178,355	\$178,355.63	\$178,355.63	\$179,038.13	179,038.13	179,038.13	2013	
GO 2003C Street Recon Bonds	424,531	\$425,000	\$424,531	\$424,531.43	\$424,531.43	\$250,000.00 open space	0.00	250,000.00	2009	
GO 2004A Public Safety	596,354	\$594,000	\$596,354	\$596,354.06	\$596,354.06	\$596,957.81	596,957.81	596,957.81	2024	
GO 2007A Open Space	255,486	\$0	\$255,486	\$255,486.00	\$255,486.00	\$255,223.50	255,223.50	255,223.50	2023	
Total City Tax Capacity Levy	28,081,213 6.90%	\$27,593,043 5.04%	\$27,904,769 6.23%	\$27,904,770.12 6.23%	\$27,648,296.12 5.25%	\$28,100,874.59 1.64%	27,638,235.12	27,638,235.12		
City Market Value levies										
Activity Center Bonds	432,016	\$428,000	\$432,016	\$432,016.00	\$432,016.00	\$428,007.00	428,007.00	428,007.00	2013	
2003D Open Space Refunding	267,257	\$265,000	\$267,257	\$267,256.50	\$267,256.50	\$281,326.50	281,326.50	281,326.50	2010	
Total City Market Value Levy	699,273 0.98%	693,000 0.07%	699,273 0.98%	\$699,272.50 0.98%	\$699,272.50 0.98%	\$709,333.50 1.44%	709,333.50	709,333.50		
Total City Levy	28,780,486 6.75%	28,286,043 4.92%	28,604,042 6.10%	\$28,604,042.62 6.10%	\$28,347,568.62 5.14%	\$28,810,208.09 1.63%	28,347,568.62	28,347,568.62		
HRA Levy	551,277	\$551,277	\$551,277	\$551,277.00	\$551,277.00	\$551,277.00	551,277.00	551,277.00		
TOTAL LEVY	29,331,763 6.72%	28,837,320 4.92%	29,155,319 6.08%	\$29,155,319.62 6.08%	\$28,898,845.62 5.14%	\$29,361,485.09 1.60%	28,898,845.62	28,898,845.62		

**Tax Impact on Average Home & Commercial Business with 2.2% increase in Levy
2009/2010 Budget**

Residential Property

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	262,000	250,000		
Tax Capacity at 1%	2,620	2,500		
Combined City Tax & Market Value Tax Rate	24.351%	26.199%		
<i>Total City & Market Value Property Tax</i>	\$637.99	\$654.98	\$16.99	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$12.67	\$12.73	\$0.06	
Total Property Tax	\$650.65	\$667.71	\$17.06	
<i>Market Value Credit</i>	(\$35.86)	(\$38.69)	(\$2.84)	
Total Net Property Tax	\$614.79	\$629.02	\$14.23	2.32%

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	384,400	366,800		
Tax Capacity at 1%	3,844	3,668		
Combined City Tax & Market Value Tax Rate	24.351%	26.199%		
<i>Total City & Market Value Property Tax</i>	\$936.04	\$960.99	\$24.95	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$18.58	\$18.68	\$0.09	
Total Property Tax	\$954.62	\$979.67	\$25.05	
<i>Market Value Credit</i>	(\$6.94)	(\$11.10)	(\$4.16)	
Total Net Property Tax	\$947.68	\$968.57	\$20.90	2.21%

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	524,000	500,000		
Tax Capacity at 1%	5,240	5,000		
Combined City Tax & Market Value Tax Rate	24.351%	26.199%		
<i>Total City & Market Value Property Tax</i>	\$1,275.97	\$1,309.96	\$33.99	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$25.33	\$25.46	\$0.12	
Total Property Tax	\$1,301.30	\$1,335.42	\$34.12	
<i>Market Value Credit</i>	\$0.00	\$0.00	\$0.00	
Total Net Property Tax	\$1,301.30	\$1,335.42	\$34.13	2.62%

Commercial Property

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Combined City & Market Value Tax Rate	24.351%	26.199%		
On a \$1,000,000 Property				
Tax Capacity	\$1,051,000	\$1,000,000		
less: Fiscal Disparity contribution rate	20,270	19,250		
Net Tax Capacity	0.371552	0.371552		
	12,739	12,098		
Total Property Tax	<u>\$3,102</u>	<u>\$3,169</u>	<u>\$67.55</u>	2.18%

**Tax Impact on Average Home & Commercial Business with no increase in Levy
2009/2010 Budget**

Residential Property

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	262,000	250,000		
Tax Capacity at 1%	2,620	2,500		
Combined City Tax & Market Value Tax Rate	24.351%	25.739%		
<i>Total City & Market Value Property Tax</i>	\$637.99	\$643.48	\$5.50	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$12.67	\$12.73	\$0.07	
Total Property Tax	\$650.65	\$656.21	\$5.56	
<i>Market Value Credit</i>	(\$35.86)	(\$38.69)	(\$2.84)	
Total Net Property Tax	\$614.79	\$617.52	\$2.73	0.44%

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	384,400	366,800		
Tax Capacity at 1%	3,844	3,668		
Combined City Tax & Market Value Tax Rate	24.351%	25.739%		
<i>Total City & Market Value Property Tax</i>	\$936.04	\$944.12	\$8.08	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$18.58	\$18.68	\$0.10	
Total Property Tax	\$954.62	\$962.80	\$8.18	
<i>Market Value Credit</i>	(\$6.94)	(\$11.10)	(\$4.16)	
Total Net Property Tax	\$947.68	\$951.70	\$4.02	0.42%

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Average Home Sale Value	524,000	500,000		
Tax Capacity at 1%	5,240	5,000		
Combined City Tax & Market Value Tax Rate	24.351%	25.739%		
<i>Total City & Market Value Property Tax</i>	\$1,275.97	\$1,286.96	\$10.99	
HRA Tax Capacity Rate	0.483%	0.509%		
<i>HRA Property Tax</i>	\$25.33	\$25.46	\$0.13	
Total Property Tax	\$1,301.30	\$1,312.43	\$11.12	
<i>Market Value Credit</i>	\$0.00	\$0.00	\$0.00	
Total Net Property Tax	\$1,301.30	\$1,312.43	\$11.12	0.85%

Commercial Property

	2009	Estimated 2010	Estimated Increase	Percentage Increase
Combined City & Market Value Tax Rate	24.351%	25.739%		
On a \$1,000,000 Property				
Tax Capacity	\$1,051,000	\$1,000,000		
<i>less: Fiscal Disparity contribution rate</i>	20,270	19,250		
Net Tax Capacity	0.371552	0.371552		
	12,739	12,098		
Total Property Tax	\$3,102	\$3,114	\$11.90	0.38%

**REGULAR
COUNCIL MEETING**

April 28, 2009

To: Laurie Ahrens, City Manager
Prepared by: Doran Cote, P.E., Director of Public Works
Reviewed by: Doran Cote, P.E., Director of Public Works
Item: **2010 Budget – Central Equipment Fund**

1. ACTION REQUESTED:

Provide staff direction for 2010 budget preparation.

2. BACKGROUND:

In late 2007, staff began evaluating the Central Equipment Fund and developing a Fleet Operation, Maintenance and Replacement Policy. Early in 2008, the analysis was complete and a copy of the Policy was provided to the City Council. Some of the significant findings of the analysis are as follows:

- It appears that the most recent similar analysis was conducted in 2001.
- The fleet and equipment allocations to other departments are not appropriately distributed to the utilizing departments (e.g. the Water Fund was being charged an allocation for a bucket truck).
- Budgeted allocations are not adequate to cover the cost of providing fleet and equipment maintenance services.
- Budgeted allocations are not adequate to cover the cost of replacing fleet and equipment.
- Replacement costs were underestimated, particularly for fire apparatus.
- Maintenance costs charge through work orders are not accounting for the true cost of the service (e.g. overhead is too low).
- The analysis of the Central Equipment Fund concluded that maintaining the current allocations will result in a negative impact on the fund balance. Fund balances would fall below the level established by the Policy.

3. BUDGET IMPACT:

After all of the City's fleet and equipment is properly allocated and adjustments are made to increase the allocations to fully account for costs, the total allocations require a \$200,000 increase. A number of allocations require significant increases, most notably Park Maintenance (\$270,000) and Street Maintenance (\$230,000), while

others would see decreases if the adjustment is made. In total, the General Fund impact of the reallocations is \$420,000. One way to reduce that impact would be to utilize the Central Equipment Fund reserves for capital purchases to offset the increase in General Fund allocations.

4. ATTACHMENTS:

Spreadsheets.

**Central Equipment Fund
Fleet and Equipment
Cost Allocation Summary**

Fund	Department	Fund Allocation	Pool Car Allocation	Subtotal Fund Allocation	Split Fund Allocation	Total Allocation	2009 Budget	Difference
1120	Administration	\$5,222.54	\$7,704.48	\$12,927.03	\$0.00	\$12,927.03	\$14,919.00	1 -\$1,991.97
1180	Assessing	\$3,284.62	\$5,503.20	\$8,787.82	\$0.00	\$8,787.82	\$16,588.00	-\$7,800.18
1210	Community Development	\$0.00	\$1,100.64	\$1,100.64	\$0.00	\$1,100.64	\$199.00	\$901.64
1220	Planning	\$0.00	\$733.76	\$733.76	\$0.00	\$733.76	\$1,046.00	-\$312.24
1231	Protective Inspetions	\$45,876.24	\$0.00	\$45,876.24	\$0.00	\$45,876.24	\$55,382.00	-\$9,505.76
1240	HRA	\$1,265.00	\$0.00	\$1,265.00	\$0.00	\$1,265.00	\$8,895.00	2 -\$7,630.00
1310	Park and Rec Admin	\$5,440.77	\$7,337.60	\$12,778.37	\$0.00	\$12,778.37	\$14,144.00	3 -\$1,365.63
1321	Park Maint	\$484,398.82	\$0.00	\$484,398.82	\$1,867.45	\$486,266.26	\$217,529.00	\$268,737.26
1330	Forestry	\$13,372.20	\$0.00	\$13,372.20	\$8,914.01	\$22,286.22	\$58,828.00	-\$36,541.78
1342	Ice Center	\$3,415.50	\$0.00	\$3,415.50	\$0.00	\$3,415.50	\$2,040.00	\$1,375.50
1343	Plymouth Creek Center	\$4,034.03	\$0.00	\$4,034.03	\$0.00	\$4,034.03	\$0.00	\$4,034.03
1450	Facilities Mgmt	\$7,806.03	\$0.00	\$7,806.03	\$0.00	\$7,806.03	\$7,664.00	\$142.03
1510	Police Admin	\$21,859.98	\$0.00	\$21,859.98	\$0.00	\$21,859.98	\$43,949.00	-\$22,089.02
1511	Patrol	\$290,397.04	\$0.00	\$290,397.04	\$0.00	\$290,397.04	\$205,346.00	\$85,051.04
1513	Support Services	\$42,303.02	\$0.00	\$42,303.02	\$0.00	\$42,303.02	\$173,364.00	-\$131,060.98
1530	Fire Operations	\$348,194.37	\$0.00	\$348,194.37	\$0.00	\$348,194.37	\$307,547.00	\$40,647.37
1531	Radiological	\$32,424.32	\$0.00	\$32,424.32	\$0.00	\$32,424.32	\$24,627.00	\$7,797.32
1610	Street Maint	\$473,839.85	\$0.00	\$473,839.85	\$164,098.78	\$637,938.63	\$405,571.00	\$232,367.63
1630	Engineering	\$11,635.40	\$0.00	\$11,635.40	\$0.00	\$11,635.40	\$8,581.00	\$3,054.40
1710	Design Eng	\$3,795.32	\$14,308.33	\$18,103.65	\$0.00	\$18,103.65	\$9,875.00	\$8,228.65
1720	Water	\$100,627.04	\$0.00	\$100,627.04	\$37,956.30	\$138,583.34	\$221,610.00	-\$83,026.66
1730	Sewer	\$66,087.68	\$0.00	\$66,087.68	\$57,049.15	\$123,136.83	\$237,047.00	-\$113,910.17
1740	Solid Waste	\$0.00	\$0.00	\$0.00	\$6,869.54	\$6,869.54	\$0.00	\$6,869.54
1750	Water Resources	\$133,528.15	\$0.00	\$133,528.15	\$5,953.65	\$139,481.80	\$206,241.00	-\$66,759.20
1760	Central Equip	\$15,456.65	\$0.00	\$15,456.65	\$0.00	\$15,456.65	\$0.00	\$15,456.65
	Other Funds						\$14,731.00	3 -\$14,731.00
Totals		\$2,114,264.57	\$36,688.02	\$2,150,952.59	\$282,708.88	\$2,433,661.47	\$2,255,723.00	\$177,938.47

Notes

Notes

1. Includes \$11,105 from 1120, \$1,197 from 1130 and \$2,617 from 1170.
2. Includes \$2,190 from 1240, \$4,515 from 1251 and \$2,190 from 1252
3. Includes \$3,294 from 1321 and \$10,850 from 1341 from 1440
4. Includes \$8,601 from 1770, \$4,410 from 1344, 1,720 from 1440

General Fund Impact

\$420,091.78

**Central Equipment Fund
10-Year Fund Analysis**

Budget-based Analysis

Year	Revenue	Expenditures			Interest Income	Balance
	Rent	Operations	Capital Improvements	Total		
						\$9,400,000
2009	\$2,255,723	\$1,335,598	\$1,008,300	\$2,343,898	\$186,237	\$9,498,062
2010	\$2,323,395	\$1,375,666	\$1,542,600	\$2,918,266	\$178,064	\$9,081,254
2011	\$2,393,097	\$1,416,936	\$1,521,000	\$2,937,936	\$170,728	\$8,707,143
2012	\$2,464,889	\$1,459,444	\$1,072,500	\$2,531,944	\$172,802	\$8,812,890
2013	\$2,538,836	\$1,503,227	\$2,216,700	\$3,719,927	\$152,636	\$7,784,435
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3% Inflationary Growth

Allocation-based Analysis

Year	Revenue	Expenditures			Interest Income	Balance
	Rent	Operations	Capital Improvements	Total		
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3% Inflationary Growth

**Central Equipment Fund
10-Year Fund Analysis
Reserves to Fund Capital Costs**

Budget-based Analysis

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2017	\$2,829,536	\$200,000	\$3,029,536	\$1,691,896	\$1,850,979	\$3,542,874	\$80,106	\$3,885,395
2018	\$2,914,422	\$200,000	\$3,114,422	\$1,742,652	\$719,369	\$2,462,022	\$86,756	\$4,224,551

3% Inflationary Growth

**REGULAR
COUNCIL MEETING**

April 28, 2009

To: Laurie Ahrens, City Manager
Prepared by: Doran Cote, P.E., Director of Public Works
Reviewed by: Doran Cote, P.E., Director of Public Works
Item: **2010 Budget – Facilities Management Fund**

1. ACTION REQUESTED:

Provide staff direction for 2010 budget preparation.

2. BACKGROUND:

In 2008, staff began evaluating the Facilities Management Fund and developing a Facilities and Related Operating Equipment Operation, Maintenance and Replacement Policy Manual. Early in 2009, the analysis was complete and a copy of the Policy will be provided to the City Council. Some of the significant findings of the analysis are as follows:

- It appears as if the most recent similar analysis was conducted in 1999. That analysis did not include capital replacement costs in determining allocations.
- The 1999 analysis assumed that Facilities Management would fund 100% of the replacement of all of the Fire Stations and only portions of other buildings.
- Significant changes growth to the City's facilities has occurred since 1999.
- The facilities allocations to other departments are not appropriately distributed to the utilizing departments (e.g. the Water and Sewer Fund were being allocated 20% of City Hall maintenance costs).
- Budgeted allocations are not adequate to cover the cost of providing facilities maintenance services.
- Budgeted allocations are not adequate to cover the cost of replacing facilities and related operating equipment.
- Replacement costs were underestimated.
- An analysis of the Facilities Management Fund concluded that maintaining the current allocations will result in a negative impact on the fund balance. Fund balances would fall below the level established by the Policy.
- The new analysis contemplates Facilities Management funding only 25% of the costs to replace all buildings.

3. BUDGET IMPACT:

After all of the City's facilities and operating equipment are properly allocated and adjustments are made to increase the allocations to fully account for costs, the total allocations require a \$640,000 increase. A number of allocations require significant increases, most notably Fire (\$230,000) and Police (\$130,000), while others will see decreases. In total, the General Fund impact of the reallocations is \$510,000. One way to reduce that impact would be to utilize the Facilities Management Fund reserves to offset the increase in General Fund allocations for capital purchases.

4. ATTACHMENTS:

Spreadsheets.

Table 20
Allocation Comparison
2009 Budget to 2010 Allocation

\$314,888 General Fund Impact				
Program/Fund	2009 Budget	2010 Allocation	Difference	% Increase or Decrease
1110 City Council	-	39,933	39,933	
1120 City Manager	35,891	58,607	22,716	63.29%
1130 Communications	6,560	12,550	5,990	91.32%
1140 Elections	2,278	3,537	1,259	55.27%
1150 Human Resources	20,378	16,430	(3,948)	-19.38%
1210 CD-Administration & Support	12,029	15,745	3,716	30.89%
1220 Planning	36,426	40,610	4,184	11.49%
1231 Protective Inspections	31,885	53,670	21,785	68.32%
1232	-	-	-	
1233	-	-	-	
1310 P&R Administration	57,865	69,499	11,634	20.11%
1321 Park Maintenance	23,435	64,640	41,205	175.83%
1322 Trail Maintenance	-	-	-	
1323 Athletic Field Maintenance	-	-	-	
1324 Ice Rink Maintenance	-	-	-	
1330 Forestry	2,487	7,071	4,584	184.31%
1410 Finance	13,404	52,902	39,498	294.67%
1420 Assessing	24,856	31,909	7,053	28.37%
1510 Police - Administration	149,652	73,197	(76,455)	-51.09%
1511 Patrol	173,849	183,051	9,202	5.29%
1512 Community Service Officers	84,396	-	(84,396)	-100.00%
1513 Support	-	96,326	96,326	
1514 Investigations	-	-	-	
1515 Traffic Enforcement	-	-	-	
1516 Cadet Program	-	-	-	
1520 Emergency Management	11,612	4,227	(7,385)	-63.60%
1530 Fire	126,757	290,571	163,814	129.23%
1610 Street Maintenance	15,085	47,507	32,422	214.93%
1611 Street Cleaning	-	-	-	
1612 Snow/Ice Control	-	-	-	
1613 Drainage Maintenance	-	5,264	5,264	
1620 Street & Traffic Lights	-	-	-	
1630 Engineering	28,800	48,901	20,101	69.80%
1810 Volunteer Coordinator	2,539	3,043	504	19.83%
201 Recreation	15,204	16,285	1,081	7.11%
203 Transit	3,946	6,435	2,489	63.08%
220 HRA CDBG	3,640	4,104	464	12.76%
250 HRA Section 8	4,025	4,567	542	13.46%
251 HRA - General Fund	10,535	12,284	1,749	16.60%
401 Capital Projects Fund	-	-	-	
421 Utility Trunk	-	7,777	7,777	
422 Unfinanced Projects	-	-	-	
501 Water Fund	78,614	87,861	9,247	11.76%
502 Sewer Fund	32,977	17,472	(15,505)	-47.02%
503 Solid Waste Management	6,046	6,435	389	6.43%
504 Ice Arena	3,493	6,627	3,134	89.73%
505 Water Resources	12,130	14,171	2,041	60.22%
601 Central Services	-	2,282	2,282	
602 Central Equipment	11,563	26,380	14,817	147.88%
603 Risk Management	4,208	3,043	(1,165)	-27.70%
604 Design Engineering	12,243	22,058	9,815	80.17%
605 Employee Benefits	-	-	-	
606 Information Technology	46,408	61,554	15,146	32.64%
TOTAL	1,105,216	1,518,524	413,308	37.40%
506 Activity Center	34,803			
507 Field House	1,169			
2009 Budgeted Allocations	1,141,188			

**Central Equipment Fund
Fleet and Equipment
Cost Allocation Summary**

Fund	Department	Fund Allocation	Pool Car Allocation	Subtotal Fund Allocation	Split Fund Allocation	Total Allocation	2009 Budget	Difference
1120	Administration	\$5,222.54	\$7,704.48	\$12,927.03	\$0.00	\$12,927.03	\$14,919.00	1 -\$1,991.97
1180	Assessing	\$3,284.62	\$5,503.20	\$8,787.82	\$0.00	\$8,787.82	\$16,588.00	1 -\$7,800.18
1210	Community Development	\$0.00	\$1,100.64	\$1,100.64	\$0.00	\$1,100.64	\$199.00	1 \$901.64
1220	Planning	\$0.00	\$733.76	\$733.76	\$0.00	\$733.76	\$1,046.00	1 -\$312.24
1231	Protective Inspetions	\$45,876.24	\$0.00	\$45,876.24	\$0.00	\$45,876.24	\$55,382.00	1 -\$9,505.76
1240	HRA	\$1,265.00	\$0.00	\$1,265.00	\$0.00	\$1,265.00	\$8,895.00	2 -\$7,630.00
1310	Park and Rec Admin	\$5,440.77	\$7,337.60	\$12,778.37	\$0.00	\$12,778.37	\$14,144.00	3 -\$1,365.63
1321	Park Maint	\$484,398.82	\$0.00	\$484,398.82	\$1,867.45	\$486,266.26	\$217,529.00	3 \$268,737.26
1330	Forestry	\$13,372.20	\$0.00	\$13,372.20	\$8,914.01	\$22,286.22	\$58,828.00	3 -\$36,541.78
1342	Ice Center	\$3,415.50	\$0.00	\$3,415.50	\$0.00	\$3,415.50	\$2,040.00	3 \$1,375.50
1343	Plymouth Creek Center	\$4,034.03	\$0.00	\$4,034.03	\$0.00	\$4,034.03	\$0.00	3 \$4,034.03
1450	Facilities Mgmt	\$7,806.03	\$0.00	\$7,806.03	\$0.00	\$7,806.03	\$7,664.00	3 \$142.03
1510	Police Admin	\$21,859.98	\$0.00	\$21,859.98	\$0.00	\$21,859.98	\$43,949.00	3 -\$22,089.02
1511	Patrol	\$290,397.04	\$0.00	\$290,397.04	\$0.00	\$290,397.04	\$205,346.00	3 \$85,051.04
1513	Support Services	\$42,303.02	\$0.00	\$42,303.02	\$0.00	\$42,303.02	\$173,364.00	3 -\$131,060.98
1530	Fire Operations	\$348,194.37	\$0.00	\$348,194.37	\$0.00	\$348,194.37	\$307,547.00	3 \$40,647.37
1531	Radiological	\$32,424.32	\$0.00	\$32,424.32	\$0.00	\$32,424.32	\$24,627.00	3 \$7,797.32
1610	Street Maint	\$473,839.85	\$0.00	\$473,839.85	\$164,098.78	\$637,938.63	\$405,571.00	3 \$232,367.63
1630	Engineering	\$11,635.40	\$0.00	\$11,635.40	\$0.00	\$11,635.40	\$8,581.00	3 \$3,054.40
1710	Design Eng	\$3,795.32	\$14,308.33	\$18,103.65	\$0.00	\$18,103.65	\$9,875.00	3 \$8,228.65
1720	Water	\$100,627.04	\$0.00	\$100,627.04	\$37,956.30	\$138,583.34	\$221,610.00	3 -\$83,026.66
1730	Sewer	\$66,087.68	\$0.00	\$66,087.68	\$57,049.15	\$123,136.83	\$237,047.00	3 -\$113,910.17
1740	Solid Waste	\$0.00	\$0.00	\$0.00	\$6,869.54	\$6,869.54	\$0.00	3 \$6,869.54
1750	Water Resources	\$133,528.15	\$0.00	\$133,528.15	\$5,953.65	\$139,481.80	\$206,241.00	3 -\$66,759.20
1760	Central Equip	\$15,456.65	\$0.00	\$15,456.65	\$0.00	\$15,456.65	\$0.00	3 \$15,456.65
	Other Funds						\$14,731.00	3 -\$14,731.00
Totals		\$2,114,264.57	\$36,688.02	\$2,150,952.59	\$282,708.88	\$2,433,661.47	\$2,255,723.00	\$177,938.47

NOTES

Notes

1. Includes \$11,105 from 1120, \$1,197 from 1130 and \$2,617 from 1170.
2. Includes \$2,190 from 1240, \$4,515 from 1251 and \$2,190 from 1252
3. Includes \$3,294 from 1321 and \$10,850 from 1341 from 1440
4. Includes \$8,601 from 1770, \$4,410 from 1344, 1,720 from 1440

General Fund Impact

\$420,091.78

Central Equipment Fund 10-Year Fund Analysis

Budget-based Analysis

Year	Revenue	Expenditures			Interest Income	Balance
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10-Year Fund Analysis
Reserves to Fund Capital Costs**

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3% Inflationary Growth



CITY OF PLYMOUTH

TO: Laurie Ahrens, City Manager
Directors

FROM: Calvin Portner, Adm Svcs Dir

DATE: February 10, 2009

SUBJECT: Budget Priority Discussion

Thank you for taking the time to review your departments, identify activities and functions and to painfully attach a cost and impact of all of the work we do.

For those who have forwarded electronic version, they are available on the public drive **P:BUDGET/2010 Budget/Priority Worksheets**. If you have not sent your worksheets, please save in the referenced file.

At 8:30 a.m. on Thursday, we will review and begin to prioritize our activities and functions. Hopefully, everyone has had an opportunity to review the documents and articles provided a few months ago.

Although the news of late has been rather depressing, The City of Plymouth, thanks in part to your leadership and stewardship, is in a good position to weather the storm as we move into the next biennium. With that, we need to be aware of local and national trends, especially public opinion/perception.

As a reminder, the goals we discussed for this exercise is to identify proactive solutions and opportunities to:

- 1) Maintain core services
- 2) Maintain services at a high level
- 3) Maintain activities that make Plymouth special
- 4) Improve efficiency
- 5) Implement structural changes for long-term viability

Before we meet on Thursday, please spend a few minutes reviewing the worksheets from each department. I will bring copies and worksheets to the meeting. Secondly, think of the *core services* municipal government is expected to provide and how they relate to the council's adopted goals.

On Thursday, we will try to identify our core services as a team. We'll categorize functions/activities by Mandatory/Discretionary/Political and prioritize them. If we have enough time, we will then look for functions/activities that can be redirected, absorbed, transitioned to other agencies or eliminated.



CITY OF PLYMOUTH

TO: Laurie Ahrens, City Manager
FROM: Calvin Portner, Administrative Services Director
DATE: January 22, 2009
SUBJECT: Council Goals Discussion Background Info

The following table lists the General Fund Levy and General Fund Budget totals and percentage increase over the past 8 years.

Year	General Fund Levy	Overall Levy Increase	Budget Total	Budget Increase
2009	22,188,764	5.14	27,932,495	2.21
2008	21,252,059	6.17	27,328,347	6.68
2007	19,894,955	8.94	25,616,296	7.41
2006	18,211,578	9.14	23,849,211	6.03
2005	17,035,807	10.13	22,493,654	4.83
2004	16,189,926	5.91	21,458,236	5.65
2003	15,003,735	4.09	20,311,398	2.2
2002	14,386,101	26.6	19,874,125	6.5

The average budget increase over this period was 4.61%. The higher than normal levy increases in 2002 and 2005 reflect legislative changes including loss of governmental aids which were absorbed by the levy.

The next biennium will present new challenges including:

- 1) **Levy limits** – the State mandate of 3.9%, changes to the implicit price deflator for 2010 and through 2011. 2010 is expected to be about 2.2%.
- 2) **Valuation decreases** – the assessor's early estimate is an average value decrease of 5.0%.
- 3) **No increases in non-tax revenue** – the slowing economy is expected to result in stagnant or declining permit and other revenue.
- 4) **Structural imbalances** – review of internal service and other funds show an historic disproportional share to funds other than the general fund.
- 5) **Taxation tolerance** – economic concerns have increased resident resistance for tax increase and assessments.
- 6) **Inflation, mandates** – personnel costs, including contractual obligations, healthcare/benefit costs, energy costs and state and federal mandates create additional cost burdens.
- 7) **Loss of Market Value Homestead Credit and other aids** – the governor has already unallotted aids for the current state fiscal year and has indicated there may be more to come.

For the new biennium, staff is targeting a zero percent (0%) budget increase for 2010 as a starting point for council consideration. With the assessor's estimate on total value decline at approximately 5%, and a general fund budget of \$27,932,495, to generate the same amount of tax revenue the tax impact on an average value home would increase by approximately \$8.84. If the maximum levy (3.9%) were adopted the impact on the

averaged value home would be \$43.56. The budget would absorb increases allowed as special levies outside of the levy limit (i.e. open space and street reconstruction bonds), projected decreases in permit and other non-tax revenue and offset corrections to other budgeted funds. Further, the assessor's estimate is very preliminary and subject to adjustments from the county and the Board of Equalization.

The average value home in 2009 was \$365,100, which is expected to decrease to \$350,000 in 2010. The combined city tax and market value tax rate in 2009 was 24.35%, which is estimated to increase to 26.74% in 2010.

We have just submitted our valuation to Hennepin County for taxes payable 2010 and total residential valuation has decreased \$34 million and another \$14.7 million will be taken off the books due to military veteran exclusions, which was also excluded in 2009.

NAVIGATING THE FISCAL CRISIS:

TESTED STRATEGIES FOR LOCAL LEADERS

INTRODUCTION FOR ELECTED OFFICIALS

A White Paper prepared for the International City/County Management Association by the Alliance for Innovation



Navigating the Fiscal Crisis: Tested Strategies for Local Leaders

An Introduction for Elected Officials

As the fiscal crisis around the country threatens more and more local governments, officials are faced with increasing challenges and a need for immediate action. The vision and the leadership of elected officials are keys to sustaining local governments through this crisis.

The ways that local governments responded to past economic downturns offer guidance on how to survive and even become stronger during times of fiscal stress. To determine the lessons of past experience, ICMA (the International City/County Management Association) commissioned a white paper prepared by researchers from the Academic Network of the Alliance for Innovation.

This executive summary for elected officials:

- Describes the fiscal dimensions of the current economic crisis.
- Identifies what worked in previous fiscal cutback efforts.
- Explains why innovation is critical and how positive actions can be taken.
- Describes how local government actions can contribute to the economic recovery.

Fiscal Dimensions of the Economic Crisis

Although there is variation among the states, in general such economic drivers as the automobile manufacturers, the financial services industries, and the new housing construction industries have experienced slowdowns that result in higher unemployment, reduced sales tax revenues, and reduced revenues from building permit and related fees.

The ripple effect from these slowdowns touches related businesses, including suppliers, restaurants, and stores. The decrease in purchasing produces a decrease in sales tax revenues. In some localities, small businesses have closed because they could not sustain the loss in sales.

The tightening of credit due to the crisis in the financial markets has made it much more costly and difficult for local governments to borrow money typically used to finance capital projects. Unless cities and counties have an exceptional credit rating, which is difficult with budget shortfalls, they may have trouble borrowing through traditional methods

Because the stock market has sustained major losses and pensions are funded in large part by stocks, the cost of local government obligations to pay pensions could have a substantial effect on local governments. Officials should have a

clear understanding of how their system works. The global dimensions of the financial crisis have decreased the demand for United States' exports.

Foreclosures persist and are expected to continue. In addition to subprime mortgages and mortgages that are now more than the value of a house, unemployment will force additional people who live paycheck-to-paycheck into foreclosure. Foreclosures cost local governments due to increased property maintenance, crime, and such social issues as homelessness.

As property values drop from foreclosures and the declining housing market in general, property tax revenues will decrease. Local governments that are dependent on a significant percentage of revenues from the state will face reductions in state funds as states face their own budget shortfalls.

A specific local government may encounter any combination of these conditions that contribute to fiscal distress, and the timing may differ. It is imperative that elected officials seek a full and frank assessment of the current conditions and likely trends for the next two years. Local governments in some parts of the country are already making substantial changes to adjust to negative conditions. It is common, however, for the full impact on local government budgets to come 18 to 24 months after the start of an economic downturn.

What Worked In Previous Cutback Efforts?

In times of fiscal crisis, citizens look to elected officials for answers, and these officials can fill an important educational role.

- Work with staff members, educate the public, solicit their input, and engage them in problem solving. Hold town meetings and provide information to the public on the issues, the financial impact, and the possible programmatic changes that will be required.

Although an immediate response to a major budget shortfall is to stop spending and introduce across-the-board cuts, research shows that other approaches may be more effective in sustaining a local government over time when faced with a serious and prolonged downturn.

- Make any cuts sensible and understandable to the public.
- Refrain from deferring maintenance or moving money around for short-run expediencies. Remember that one-time cuts help immediately but do not save more money in subsequent years like cuts in continuing expenses do.
- Maintain revenues to support expenditure levels because these actions have a greater positive impact in speeding economic recovery than cutting expenditures.

- Consider the value of a service before cutting it. Across-the-board cuts do not differentiate essential from nonessential services. The same percentage cut may be easier to absorb in a large program than a small one. Although it's important for local government program managers to identify cost savings, they must consider the value of the service to the local government's core mission and the impact of cutting it.
- Make an effort to move staff members from positions that are eliminated into vacant positions. Hiring freezes create a pool of unfilled positions, but simply eliminating empty positions weakens organizational performance. It is better to target elimination of less needed positions whether occupied or not.
- Reduce work hours or use furloughs with an accompanying reduction in pay, which has less impact on morale than a straight reduction in pay.
- Bring contracted services back in-house to be performed by staff members in order to save money and to save jobs. Layoffs will affect the local economy due to reduced spending and other financial effects that unemployment can introduce. They may even lead to loss of homes. Where possible, alternatives such as early retirements, reduced hours, or redefined jobs are preferable.

What Elected Officials Can Do

Early in the process, elected officials can establish broad goals to guide program and service review by staff. Mayor Charles Meeker of Raleigh, North Carolina, for example, recently said in his state of the city address, "It's going to be a year of choosing which programs to continue, not which programs to add."¹ Local officials can convey the message to citizens and staff that all programs are on the table.

It is likely that programs have constituencies that support them, but elected officials need to help citizens understand that programs must meet the highest needs in order to justify continuation at current levels. They can make sure that citizens get their questions answered and understand the budget review process, but they create confusion by promising individuals that their services will remain the same or trying to get special treatment.

Elected officials should expect as much information as possible from staff about options and consequences of specific cuts. Ultimately, they must weigh the long-term interests of the community as a whole in making the final decisions about cuts. Elected officials should backup central managers and give them the

¹ David Bracken, "Meeker: Recession is both challenge and opportunity," *Raleigh News and Observer*, January 26, 2009
<http://www.newsobserver.com/news/story/1382542.html>

authority and the support to act decisively and coherently. They should monitor effectiveness and look for adjustments in the methods used to accomplish the strategies.

Why Innovation Is Critical

Periods of fiscal stress and the necessary retrenchment can be times of innovation and creativity. Innovations can be new and original to the organization, and they can be adoptions of process improvements implemented by other organizations. Innovation brings about change and new approaches to problem solving.

In a cutback period, the resources are not sufficient to maintain the status quo. The changes that are required can be reactive and negative or proactive and positive. More than ever, local governments must have the flexibility to suspend practices that are no longer adequate and thoughtfully consider and apply other solutions. Providing incentives for improving performance will encourage staff members to think creatively and become part of the solution.

Here are actions that local governments can take and elected officials can support that promote constructive change:

- Where cuts need to be made, take action quickly.
- Focus on core mission, purpose, and highest priorities in order to differentiate essential services from others.
- Take a long-term view.
- Foster stewardship and cost containment.
- Support staff in trying new approaches and improving organizational design and processes.
- Commit to communicating with all stakeholders.

What Elected Officials Can Do

Elected officials' leadership in encouraging a long-term perspective, rather than a short-term reactive stance, will be essential to effective management of this crisis. The elected officials' role allows them to command attention. By inviting citizens to discuss the core mission, purpose, and highest priorities, elected officials have the opportunity to create partnerships with citizens.

Their role in educating and engaging all stakeholders in solving the problems facing our communities will support their long-term vitality and stability. They can reinforce the message that innovations are encouraged despite the risks.

How Local Governments Contribute to the Economic Recovery

Local governments are important economic agents. Because they make substantial purchases of goods and services and have employees who buy

products and pay rent or mortgages, local governments contribute to the economic well being of a community.

There are several strategies that local leaders can implement to mitigate fiscal stress or even mildly stimulate the economy. Elected officials leadership in championing these efforts is essential.

- It's important to maintain or increase local government expenditures by continuing or increasing revenues or drawing down financial reserves. These actions help support the local economy countering the downturn in other areas.
- Expand or accelerate capital projects, especially those with low operating costs. These projects put money into the economy because they have a direct relationship to business and industry.
- Although tax cuts are an option, they are typically not large enough to make a discernable impact on the economy.
- Although it seems counter-intuitive, economic literature suggests that cutting expenditures hurts local economic recovery more than maintaining or raising current tax levels.

What Elected Officials Can Do

By educating citizens on how the actions of local governments impact the economic cycle and the value of sensible budget decisions that sustain needed programs and services, elected officials can help citizens understand how local government actions support the local economy.

Summary

Elected officials have the responsibility to govern their communities wisely and link residents to the governmental process. The current fiscal crisis that is threatening local governments makes these tasks harder but even more important. Citizens look to elected officials to address serious problems, not just hunker down and wait out the storm.

Officials should focus resources on the most important programs and services and encourage changes that will make communities stronger in the future. They are in a unique position to engage citizens and to provide the leadership that inspires confidence and trust.

The complete white paper *Navigating the Fiscal Crisis: Tested Strategies for Local Leaders* and supporting research papers can be found at <http://www.transformgov.org>.