

December 2015

## LETTER OF TRANSMITTAL

Dear Residents of the City of Minneapolis:

Transmitted, herewith, please find the Fiscal Year 2016 Budget for the City of Minneapolis for the period beginning January 1, 2016 and ending December 31, 2016. The annual budget is a policy document which sets the financial course for the City of Minneapolis and defines the service priorities for the community. Adopting and monitoring the budget is a key role of the Mayor and City Council. The budget process affords the Mayor and City Council the opportunity to balance the needs of the City against available resources. The 2016 Adopted Budget is \$1.34 billion, excluding transfers, and is funded, in part, with a property tax levy that reflects a total increase of 3.4% in the City's tax levy from 2015.

The various sections of this budget document provide detailed information about the City and its finances. The *Introduction* section of the document includes the City's *Budget in Brief* and an explanation of how to use the remainder of the document. The *Financial Overview* section of this document provides details on the City's continued fiscal discipline and financial planning efforts. The City's *Strategic Planning* efforts and governing *Financial Policies* follow in their respective sections. The City's financial future as depicted by the Five-Year Financial Direction and five-year capital infrastructure and equipment programs can be found in the subsequent *Financial Plans* and *Capital Program* sections. The *Operating Departments* section provides detailed information for each department, including the department's mission, business lines, performance measurements, revenue and expenses, and staffing. Information regarding the City's Independent Boards and Commissions, which adopt their own budgets, is contained in the *Independent Boards* section. Near the end of the document are *Financial Schedules* that represent the legally adopted appropriations, revenue estimates, project allocations, fees, and charges.

### *Priorities and Issues*

The City's departments continue to prioritize their work based upon the Values and Goals that were adopted by the Mayor and City Council in March, 2014. These goals are: Living Well; One Minneapolis; A Hub of Economic Activity and Innovation; Great Places; and A City That Works. In their requests for continued and additional funding, departments are required to align each budget allocation request to a specific City Goal. The 2016 Adopted Budget builds upon the City's goals by focusing on efforts to provide significant investments in equity, public safety and infrastructure and economic development, all while aligning costs with appropriate funding streams. The budget prioritizes public safety by providing sufficient funding for additional sworn police officers, civilian support staff, and a class of cadets, while focusing on increasing the diversity of the City's police force. It also provides funding for the implementation of police body cameras, and funding to connect youth and students of diverse backgrounds to work in the EMT and firefighter fields. In support of equity, the budget provides resources for programs that support youth and racial diversity initiatives across all departments. The budget also continues to lay the foundation for a continued wave of development including redesigning of Nicollet Mall, rehabilitation of the 10<sup>th</sup> Ave Bridge, redevelopment of Upper Harbor Terminal, and other growth opportunities in the City. To transform Minneapolis into a leading city of 21<sup>st</sup>



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century, the budget also ensures funding for affordable housing, upgrading streetlights to LED technology, and initiatives to overcome climate change challenges.

The 2016 Adopted Budget is structurally balanced; however, balancing the budget over five years continues to be a challenge with significant financial pressures such as rising service demands and an on-going desire for reducing growth in property taxes. This budget reflects a continued willingness to make difficult decisions in both the short and long-term to address the City's financial challenges. Foreseeable attrition and retirement in the police force and the fire department is an issue that this budget continues to tackle by providing sufficient funding to maintain staffing levels in those departments, with both one-time and ongoing resources.

#### *Short Term Financial Challenges*

The City's short term financial challenges for 2016 are manageable due to the presence of longer-term financial planning and the broader economic strength of the City and region. Short term challenges related to capital needs have been mitigated by the City's Capital Asset Request System (CARS) - a tool that enables department to plan for aging equipment and facility upgrades. Funds are also available to provide for property tax relief due to prior year's fiscal restraint and growth in the local economy resulting in increased non-property tax revenues.

#### *Long-Term Financial and Results Planning*

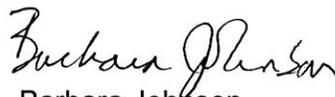
The City's long-term financial planning policies enable proactive financial management-matching spending and revenue over the long term and providing stability for Minneapolis residents, visitors, and businesses. These financial policies, and the strong work on linking resources to results through our Results Minneapolis program, provide much better information upon which to base our decisions. Future opportunities and challenges include growing needs for enhanced emergency and security management, continued growth in the cost of providing basic City services due to inflationary pressures and growth in the community, as well as aging office facilities and scattered administrative workforce.

We are pleased to present the 2016 Adopted Budget to the residents of the City of Minneapolis.

Sincerely,



Betsy Hodges  
Mayor



Barbara Johnson  
Council President



John Quincy  
Chair, Ways & Means