

CITY OF MINNEAPOLIS

# Budget Overview

Select details on the 2024 Mayor's Recommended  
Budget for the Budget Committee

# Agenda – Council Overview

- Budget Book
- City Spending and Revenue Changes
- Accomplishments and Challenges Impacting the City Budget
- Transparency Portal
- Mark-up Process



# 2024 Budget Book

- Fully online, interactive budget book
- Any reader can use the interactive tables and graphs, connected to financial transparency site
- Financial overview sections crafted to answer key questions
- Book represents substantial effort from many departments in the enterprise
- PDF version will be available on LIMS. We recommend using the original format for the best experience.

# Budget Book Sections

- Financial Overview: Budget-in-Brief, City spending and revenue, City goals and major investments by priority
- Financial Policies: no changes proposed
- Operating Departments:
  - Detailed view of department's finances, core functions, and budget proposals
  - Racial equity impacts for ongoing and proposed work
  - Performance metrics for ongoing and proposed work
  - Staffing changes and internal transfers
- Capital: 6-year plan for the City and Park Board's infrastructure
- Financial Schedules: cash balances, expenses and revenues, interfund transfers, and staffing

# Accomplishments and Challenges Impacting the City Budget and City Spending and Revenue Changes



# Accomplishments

- First supplemental budget year in the biennial structure
- Sales tax revenues – nearly hit pre-pandemic levels in 2022, continued revenue growth in 2023, and positive outlook for 2024
- \$271 million in American Rescue Plan Act funds obligated to support housing and homelessness, economic rebuilding, public safety, climate and public health, and city capacity and performance
- Upgraded bond ratings – AAA bond ratings from S&P and Fitch, first time since 2016



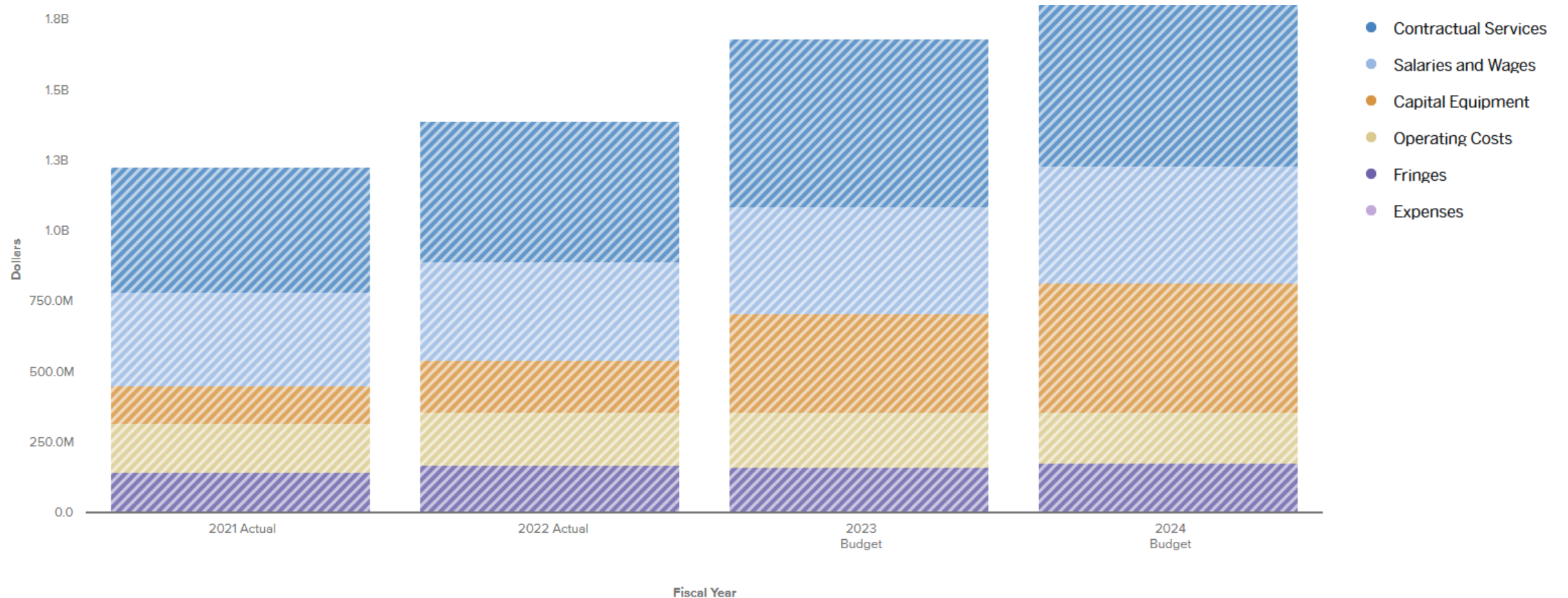
# Challenges

- Tight labor market and high vacancy rates leads to slow spending and overextended staff
- Continued adaptation to the new government structure
- Settlement agreement and pending DOJ consent decree



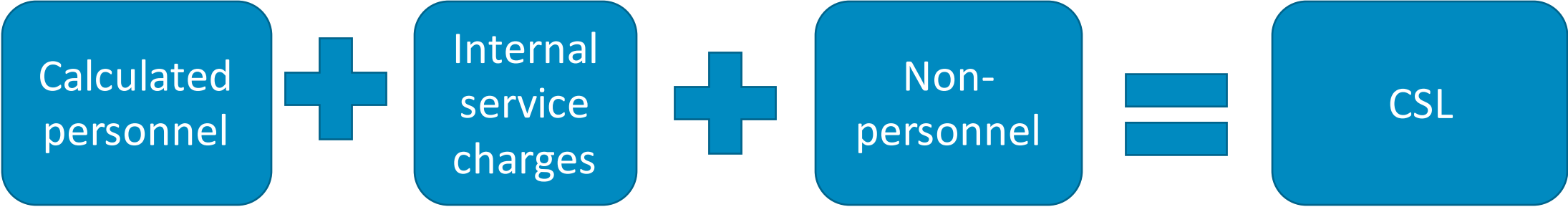
# Spending

The Mayor's Recommended Budget for all City funds is **\$1.8 billion in 2024**. This represents a \$60 million, or 8.3 percent increase from the 2023 Council Adopted Budget of \$1.66 billion exclusive of the City's Independent Boards and interfund transfers.





# Current Service Level refresher

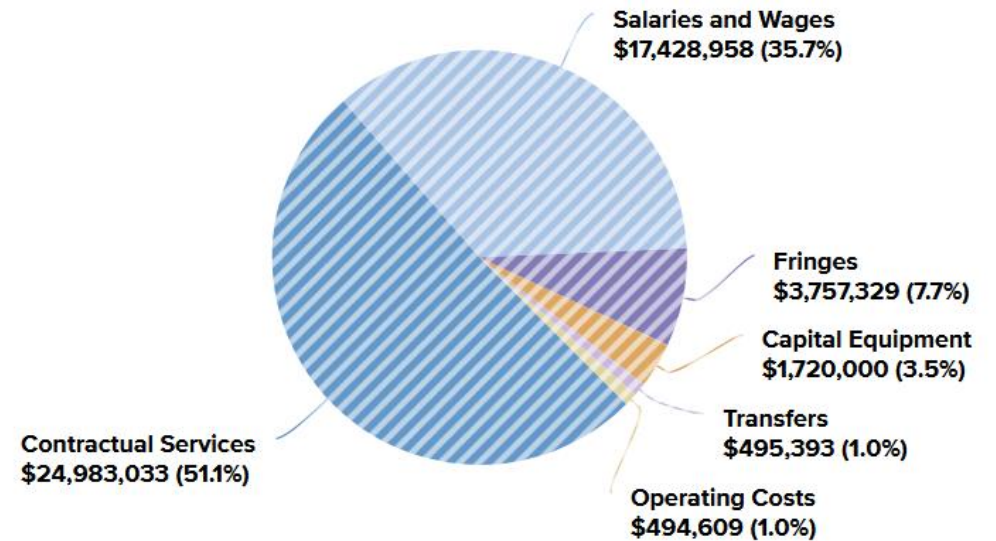


# Current Service Level

- As defined in Financial Policy, the cost of our ongoing service level commitments is the starting point for the year's budget
- Excludes one-time change items
- We explained in May that CSL expenses across all funds are growing at 2.1%, driven by:
  - Rapid growth in personnel costs due to settled collective bargaining agreements and job studies.
    - 5.7% growth in 2024 CSL over 2023 CSL, or
    - 2.3% higher than the 2024 plan
  - Increases to all internal service departments and most funds for overhead costs
    - Transition of new budget spending from General Fund into allocation models (HRIS)
    - Inflationary pressures, third-party actuarial report claims projections, and CSL maintenance adjustments

# New Investments

- Department proposals for new funding addressed City priorities (Mayoral and SREAP), racial equity impacts, and anticipated results
- See the City Performance and Investments by Priority section of the Budget Book and each Operating Department's section for detail
- Overall, this results in \$48.4 million in new investments in 2024 across all funds, **\$44.7 million** of which are in the General Fund

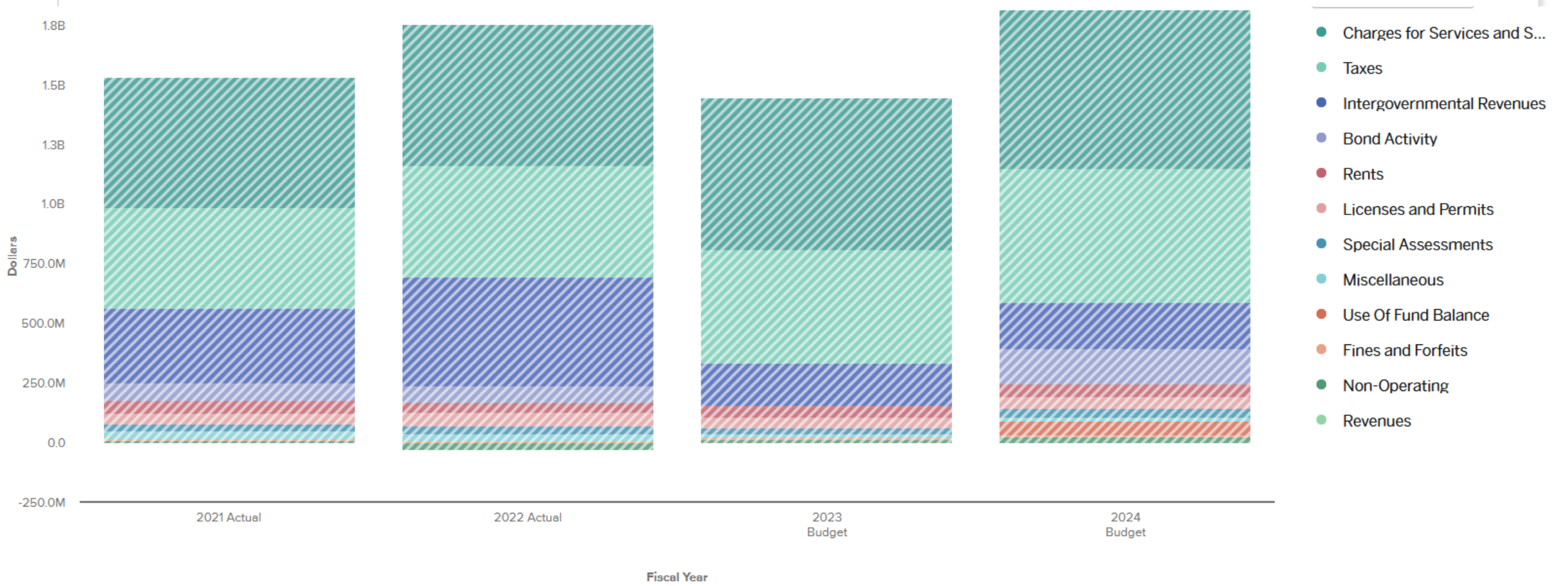


# Schedule 5, Staffing Information

- 2023 Adopted Budget had 4,174 FTEs
- 2024 Mayor's Recommended Budget has 4,337.11 FTEs
  - 2023 workforce costs totaled \$485,344,780
  - 2024 workforce costs total \$528,155,638
  - Does not include ARPA and other temporary positions
  - Schedule 5 shows you changes in overall staffing levels from 2022 to 2024
  - This year we added more information by splitting out the FTEs between General and Special Revenue Funds
- FTE counts can change via budget proposal or by reducing non-personnel budget and submitting a memo to the Finance Officer
- Summary information - departments will be prepared to speak to changes in their authorized FTE count in their presentations
- Department pages contain more detail on changes

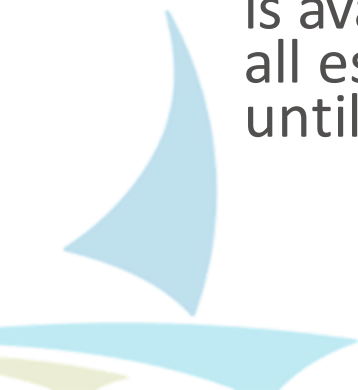
# Revenue

The Mayor's Recommended Budget includes **\$1.8 billion** in revenues in 2024, including \$1.76 billion in new funds flowing into the City and \$57.8 million in use of accumulated fund balances.

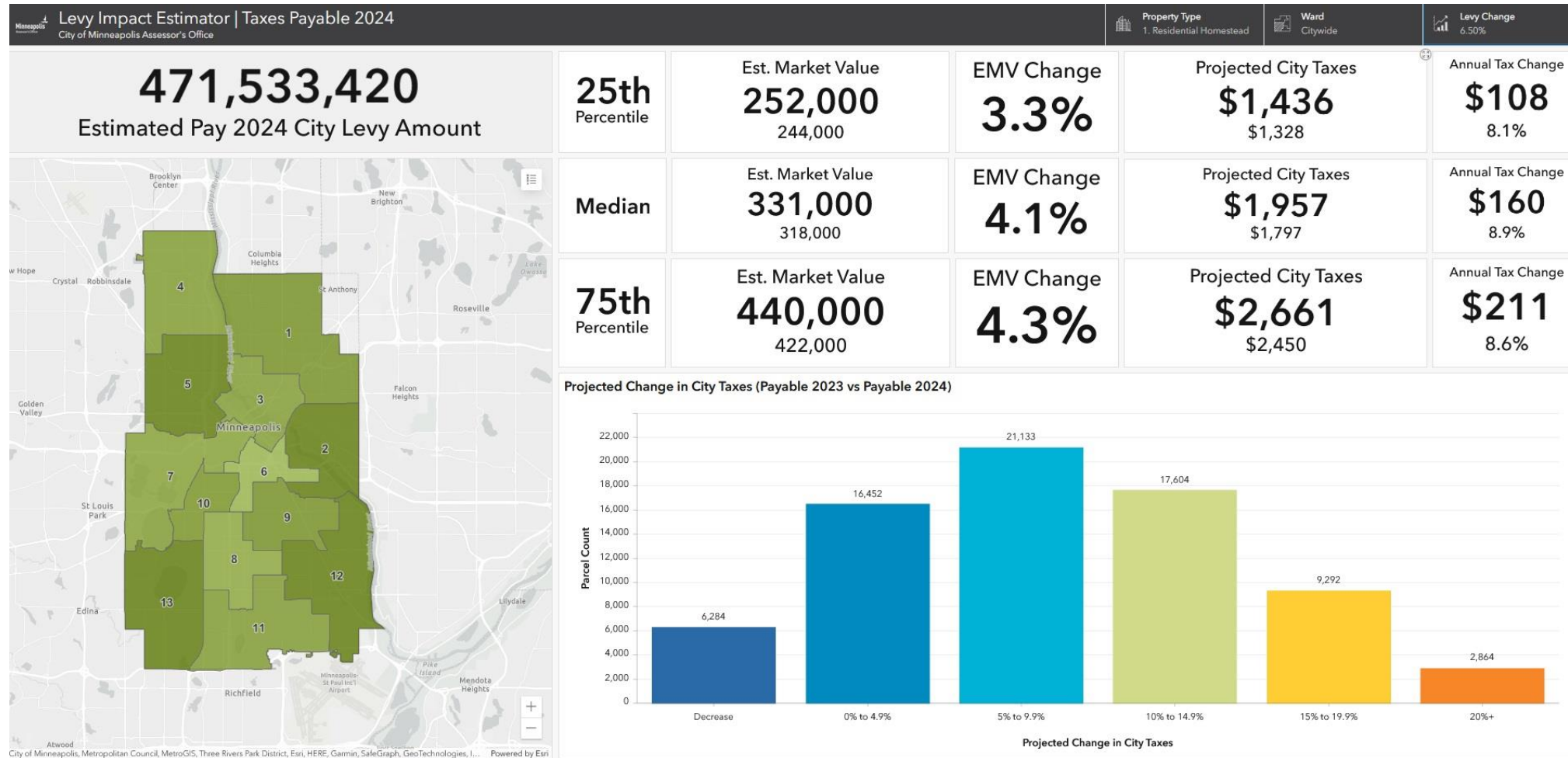


# Property Tax Levy

- Keeping with the biennial budget plan, the Mayor recommends a **6.2 percent increase in 2024**. This raises the total amount levied by \$27.7 million in 2024.
- Property Taxes are based on a property's market value. In Minneapolis, both commercial and residential markets grew in 2023.
- Due to these trends in property values a 0% increase in the levy would have resulted in a \$29 increase in property tax for the median Minneapolis single family home.
- The Mayor's Recommended Property Tax Levy Increase of 6.2% will result in an increase in a median value homes property taxes of \$150-160 annually.
- The [Levy Impact Estimator for Taxes Payable](#) created by the City Assessor's Office is available on the City Revenues page of the Budget Book. Please note, these are all estimates as some of the factors that go into the calculations are not finalized until later in the year.



# Levy Impact Estimator – Taxes Payable 2024





# What will my 2024 City Property Taxes Pay for?

A median value Minneapolis home increased in value by about 4.1 percent from 2022 to \$331,000 in 2023. Under the Mayor's recommended levy, their property taxes will be about **\$1,952** next year:

**General Government Service - \$576**

**Police - \$409**

**Parks - \$342**

**Capital and Debt Service - \$260**

**Fire - \$154**

**Public Works - \$134**

**Pensions - \$56**

**Minneapolis Public Housing Authority - \$21**



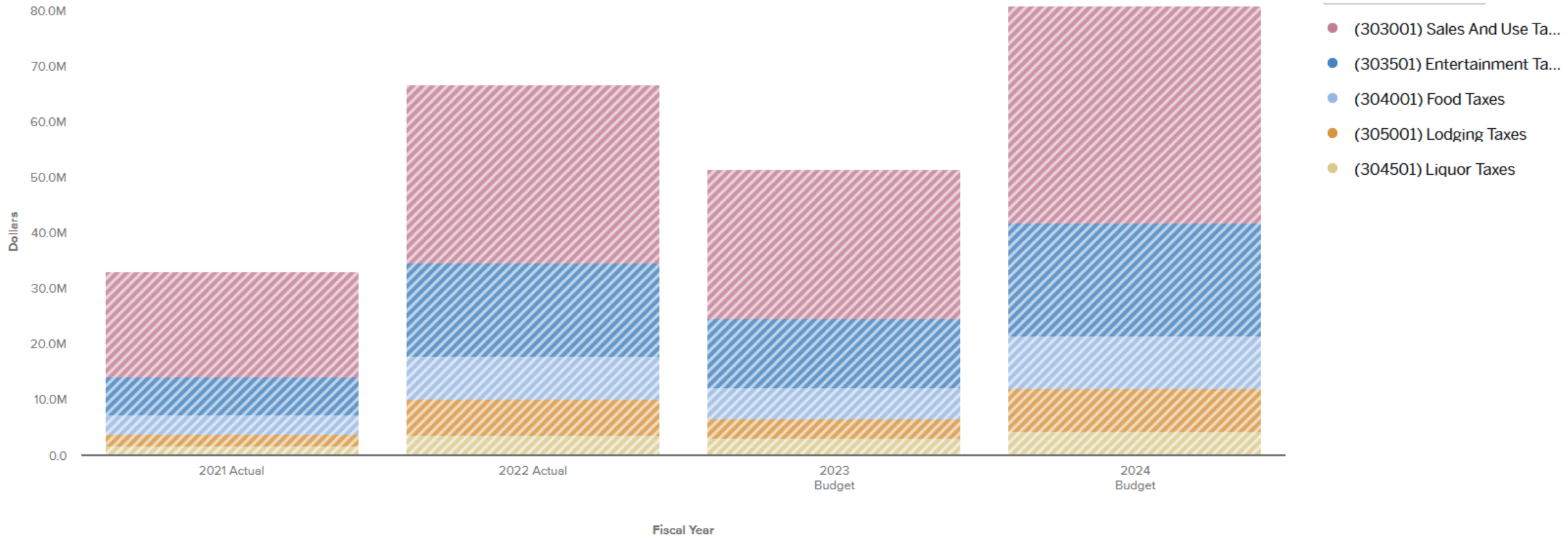


# Property Tax Levy

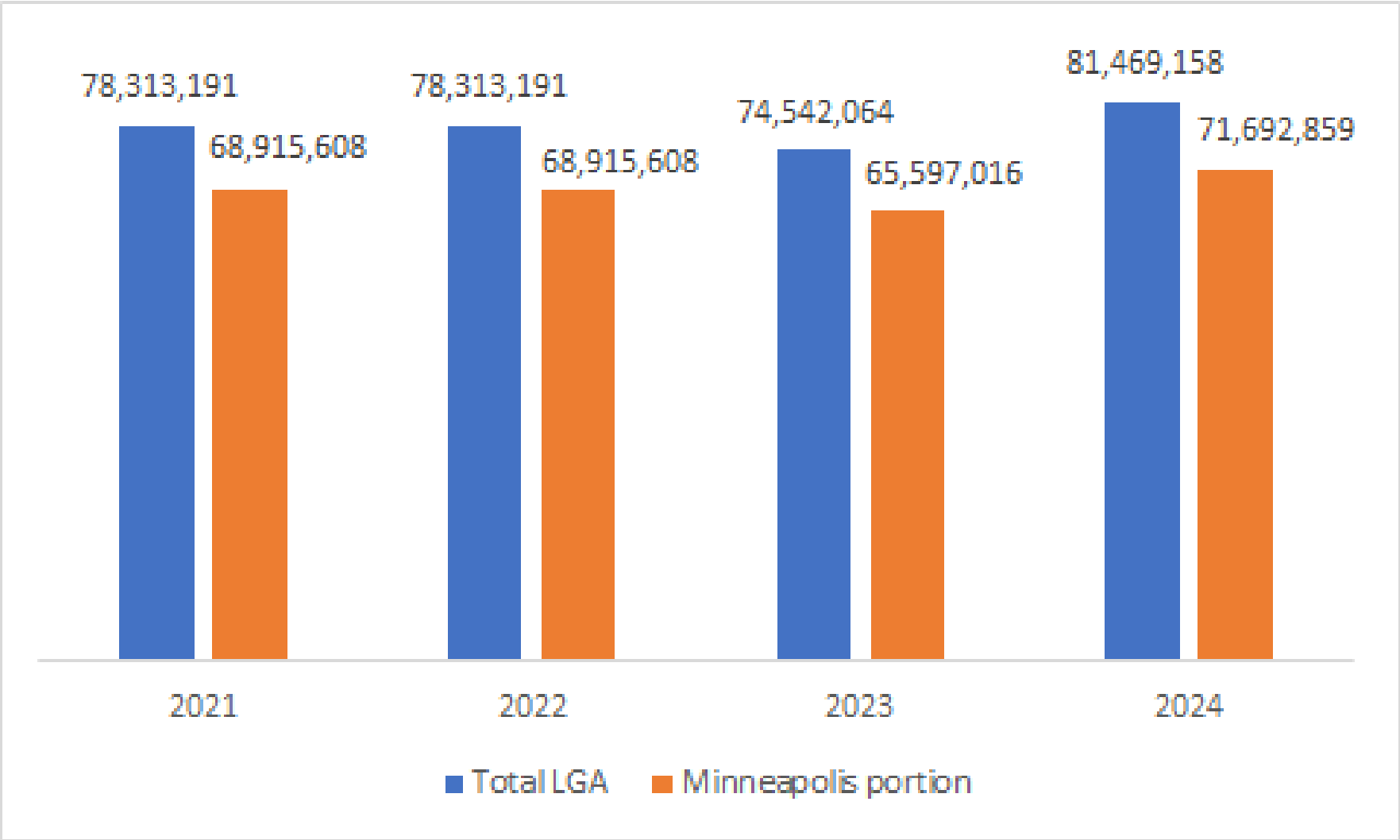
2024 Proposed	2024		2025		2026		2027		2028		2029	
General Fund	302,750,167	5.5%	325,534,521	7.5%	347,918,058	6.9%	362,834,780	4.3%	377,946,336	4.2%	396,141,037	4.8%
Park Board	82,652,380	5.3%	86,206,432	4.3%	89,913,309	4.3%	93,689,668	4.2%	97,437,255	4.0%	101,334,745	4.0%
Bond Redemption	53,474,000	1.9%	57,536,000	7.6%	60,254,000	4.7%	63,088,000	4.7%	66,065,000	4.7%	69,170,055	4.7%
Permanent Improvement	9,486,000	21.8%	8,074,000	-14.9%	8,074,000	0.0%	8,074,000	0.0%	8,074,000	0.0%	8,074,000	0.0%
Pensions	11,942,323	0.0%	11,942,323	0.0%	11,942,323	0.0%	11,942,323	0.0%	11,942,323	0.0%	11,942,323	0.0%
Teacher's Retirement Association	1,632,323	0.0%	1,632,323	0.0%	1,632,323	0.0%	1,632,323	0.0%	1,632,323	0.0%	1,632,323	0.0%
Municipal Building Commission	5,000,000	0.0%	5,075,000	1.5%	5,151,125	1.5%	5,228,392	1.5%	5,306,818	1.5%	5,386,420	1.5%
Board of Estimate and Taxation	100,626	-1.3%	102,136	1.5%	102,136	0.0%	102,136	0.0%	102,136	0.0%	102,136	0.0%
Mpls Public Housing Authority	5,000,000	0.0%	5,000,000	0.0%	5,000,000	0.0%	5,000,000	0.0%	5,000,000	0.0%	5,000,000	0.0%
<b>Total Property Taxes</b>	<b>472,037,819</b>	<b>6.2%</b>	<b>501,102,735</b>	<b>6.2%</b>	<b>529,987,274</b>	<b>5.8%</b>	<b>551,591,622</b>	<b>4.1%</b>	<b>573,506,191</b>	<b>4.0%</b>	<b>598,783,039</b>	<b>4.4%</b>
General Fund Increase	5.5%		7.5%		6.9%		4.3%		4.2%		4.8%	
Overall Increase	6.2%		6.2%		5.8%		4.1%		4.0%		4.4%	

- MPHA – new, ongoing \$5 million levy based on agreement between City and MPHA
- Park Board levy - increasing in future years to improve parkway paving and to continue the prior investment in youth services, safety, and staff at new parks
- Pension levies were reduced in 2023 to better match expenditures – this remains stable
- Increase in 2024 is consistent with the 2023-24 adopted budget plan

# Sales Tax



# Local Government Aid



# Notable new revenue sources

- Public Safety aid of \$19 million, one-time
- Additional sales tax revenue of \$6.2 million, ongoing
  - Goes toward affordable housing efforts
  - Likely to increase in future years
- Franchise fees supporting Climate Legacy Initiative
- Please see Grants section of budget book for more on state and federal funding opportunities

# Planning for a Settlement Agreement

- Now that the City has a signed settlement agreement, the 2024 Mayor's Recommended Budget contains additional investments to meet our commitment to reform our public safety systems.
- This budget adds ongoing funding for the Minneapolis Police Department, the City Attorney's Office, Civil Rights, and the Information Technology department.
- The City has also increased the obligated fund balance to \$8,000,000 in 2024 and \$5,000,000 in future years to address one-time or emergent implementation needs.



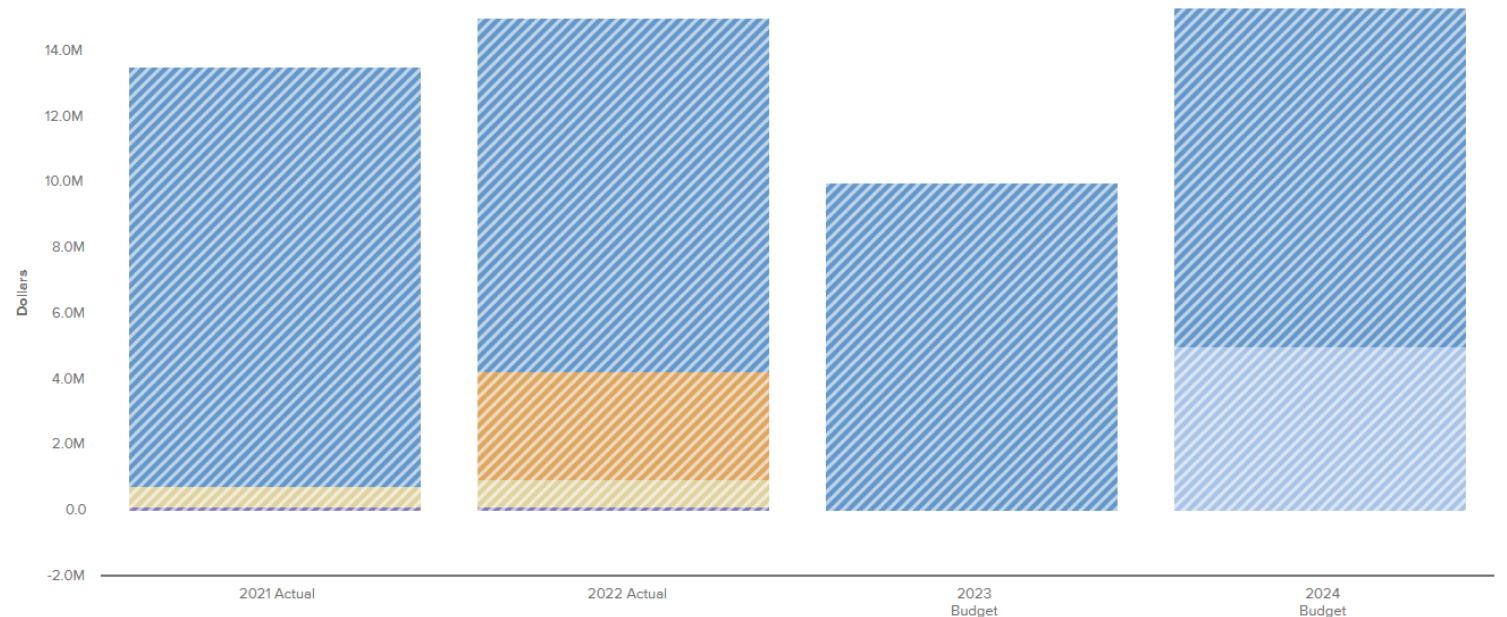
# Transparency Portal



# How to answer specific questions?

Example: Reviewing MPD overtime

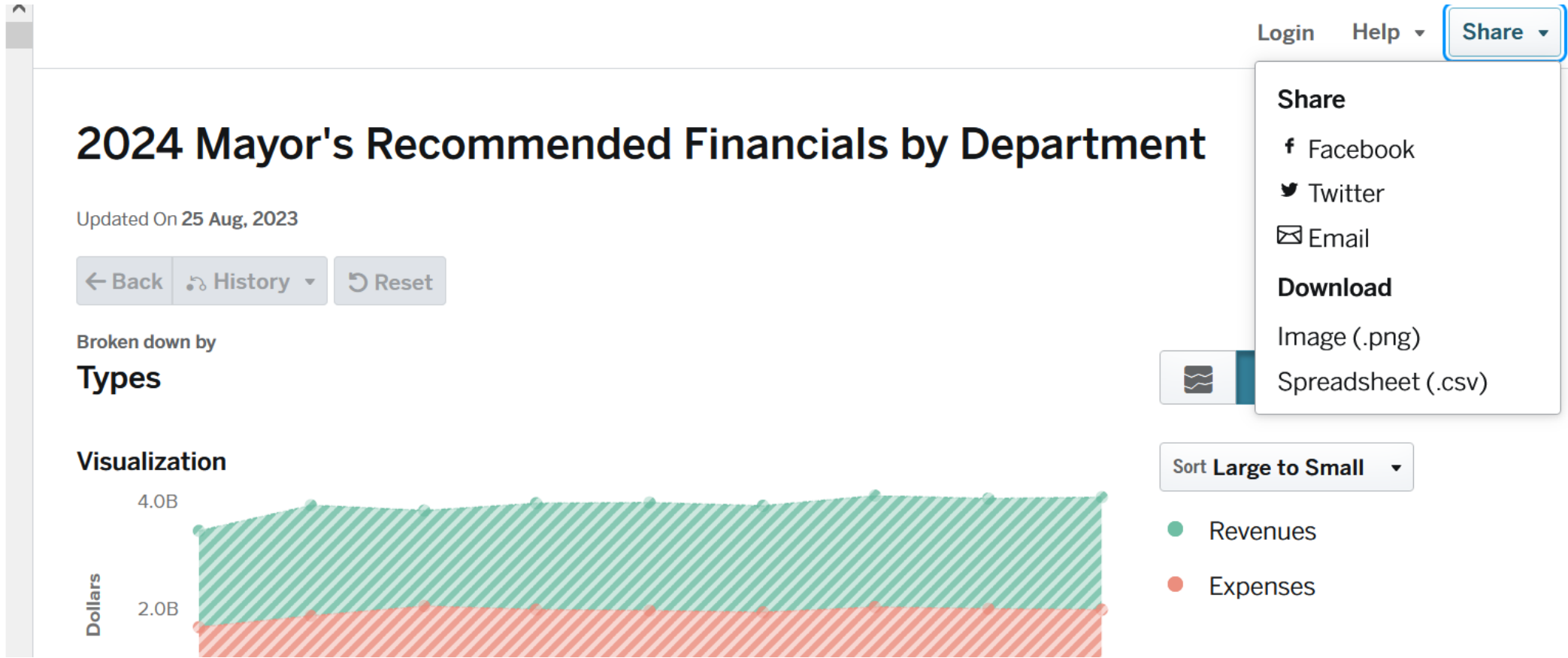
1. Navigate to [Transparency](#)
2. Select "2024 Mayor's Recommended – Financials by Department" from left column
3. Further refine: type (expense), department (Police), category (salaries and wages), fund (General or grants)



# Sharing your findings



- Annual
- Current Year (YTD)
- 2021 Mayor's Recommended Budget
- 2020 Council Adopted Budget
- 2020-2024 Capital Requests





# Mark-up Process



# Budget Division Role

- Budget team is the information hub
- Budget proposal form will guide development of amendments
- Complex financial questions may require multi-department effort. Departments are the experts on their programs.
- Specific questions help us respond more easily, such as:
  - Historical spending patterns
  - Queries on personnel data, including salary and fringe information
  - Budgets for programs by department/fund for recent years
  - Financial details of budget proposals

# Amendments and Mark-up

- Council Members should review draft amendments with Budget leadership. Please be prepared for questions, such as:
  - What funding does the City already appropriate to this program/policy?
  - What are the CM's priorities in this area? Are there some functions of the City that are a lower priority than the proposed amendment?
  - Where could the City eliminate funding to support this new/expanded initiative?
- Final draft amendments due to Budget leadership and Budget Chair by Nov. 15 at 5:00pm
- Public Hearings: October 25, November 1, December 6
- Mark-up: November 30, December 1

# Thank You

Jayne Discenza, Interim Budget Manager

