

**City of Minneapolis
2013 Budget
Financial Plan**

Community and Economic Development Funds

Background

Community and Economic Development Funds support the City's development efforts and are primarily managed by the Community Planning and Economic Development (CPED) department with the assistance of the Development Finance Division of the Finance Department. These resources have faced several challenges in past years, including lower than expected tax increment and non-tax increment revenues, reductions in federal grant allocations, and limited flexible resources.

2013 Budget

Revenues

These revenue projections are based on assumptions that need to be validated annually:

- Revenues from federal grant programs are reduced as a result of federal actions. While CPED has experienced much success with grant seeking, it is anticipated that revenues from state and local grants may be reduced as the availability of revenue is reduced.
- There will be continuing modest increases in bond-related fee income from housing and economic development activities, but actual revenues need to be closely monitored for the impacts from changes in the lending and housing markets.
- There will be annual variations in program income. These are shown as declining at a 5 percent rate.
- Revenue from the Consolidated TIF District will be used to pay existing Target Center debt in 2013 and will be used in 2014 and beyond for Target Center debt and neighborhood revitalization activities. The financial plan does not include any assumptions regarding this district, since currently none of the revenues will be directly available for CPED activities.

Expenditures

The expenditure projections contain assumptions that also must be revisited annually in the context of revised revenues and department performance measures:

- CPED staff levels are being increased by 108 positions to a total of 225 funded positions as a result of the transfer of services from Regulatory Services to CPED.
- The tax increment revenues will continue to be restricted to existing debt and contractual obligations.

Debt Service

Bonded debt payable from tax increment revenues will remain outstanding beyond 2013. It is anticipated that tax increment revenue will be sufficient to pay debt service on these obligations.

General Fund Resources

Projected general fund revenues and expenditures are consistent with the Five-Year Financial Direction.

Mayor's Recommended Budget

Please see the CPED Department narrative in the Operating Departments section of this budget book.

Council Adopted Budget

Please see the CPED Department narrative in the Operating Departments section of this budget book.

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Projected CPED Revenues & Expenditures

	2011 Revised	2012 Adopted	2013 Adopted Budget	% Chg from 2012	2014 Forecast	2015 Forecast	2016 Forecast
Local Funds							
General Fund Total	3.320	3.505	24.780	607.0%	25.494	26.229	26.985
GF Property Tax & Non-Direct Revenue	1.702	1.647	1.001		1.001	1.001	1.001
General Fund LGA	0.478	0.406	-		-	-	-
General Fund Direct Revenues	1.140	1.452	23.780		24.493	25.228	25.985
Tax Increment	61.329	44.972	30.387	-32.4%	24.606	22.050	19.859
Capital Bonding (CIP) (Public Arts Proj)	0.347	0.346	0.605	74.9%	0.445	0.435	0.375
Dev Acct (Non-TI)	7.715	5.919	6.719	13.5%	4.735	2.435	2.150
Affordable Housing TI		2.000	2.000	0.0%	-	-	-
Interest Earnings all Funds	2.190	2.080	1.248	-40.0%	1.240	1.229	1.227
Housing Program Fees & Revenues	1.339	1.090	1.393	27.8%	1.383	1.371	1.369
Economic Dev Program Fees & Revenues	4.333	4.930	4.777	-3.1%	4.728	4.670	4.667
Other Project & Program Income	9.450	8.422	8.528	1.3%	8.436	8.328	8.335
Transfers (Debt Services)	6.000	4.000	4.000	0.0%	4.000	4.000	4.000
Federal Funds							
CDBG & NSP	10.316	9.198	8.041	-12.6%	8.041	8.041	8.041
ESG	0.573	0.939	0.830	-11.6%	0.830	0.830	0.830
HOME	3.766	2.058	2.153	4.6%	2.153	2.153	2.153
Other State/Local Grants	4.500	4.500	4.500	0.0%	4.500	4.500	4.500
Total Projected Revenues	115.177	93.958	99.962	6.4%	90.591	86.271	84.492
Appropriated							
<u>Business Lines:</u>							
Economic Policy & Development	15.352	10.544	10.181	-3.4%	10.072	9.840	10.086
Workforce Development	11.029	8.874	8.796	-0.9%	8.824	8.818	9.038
Housing & Policy Development	16.021	14.484	14.090	-2.7%	14.076	13.973	14.322
Long Range Planning	1.768	1.487	2.160	45.2%	2.124	2.055	2.106
Development Services	2.361	2.401	13.199	449.7%	12.897	12.340	12.648
<u>CPED Support:</u>							
Executive & Support Services	4.761	5.074	4.784	-5.7%	4.783	3.719	3.812
Transfer & Debt Service	52.909	49.245	39.651	-19.5%	30.555	27.770	25.580
Total Projected Uses	104.199	92.110	92.861	0.8%	83.331	78.514	77.592
Difference	10.978	1.848	7.101		7.260	7.757	6.899