

**City of Minneapolis
2014 Budget
Financial Plan**

Regulatory Services Special Revenue Fund

Background

The Regulatory Services Special Revenue Fund accounts for the City's nuisance building abatement efforts and is primarily managed by the Regulatory Services Department with the assistance of the Finance & Property Services Department. The Fund is used not only for the abatement of buildings that have been deemed to be in nuisance condition pursuant to Chapter 249 but also removal of nuisance conditions. Property owners are charged to recover the costs of these activities and all recovered costs are credited back to this fund. In 2013 the Construction Code Services department of Regulatory Services was transferred to Community Planning and Economic Development (CPED). A portion of the activities in the Regulatory Services Special Revenue Fund are now managed by CPED.

Historical Financial Performance

The City established this fund in 2008, and through 2012, it accumulated a fund balance of \$5.2 million. This balance is the result of various initiatives in previous years and the availability of grant funds to pay for certain eligible expenses. Both of these revenue sources are not projected to continue leaving special assessments and direct property owner charges as the only sources of revenue for this fund. These resources will face challenges in 2013 and beyond, including lower than expected assessment collections and reductions in grant allocations.

2014 Budget

Revenues

Revenues for the Regulatory Services Special Revenue Fund have been declining since 2011. The total revenue budgeted for 2014 is \$ 4.2 million; \$3.6 million of this is from special assessments. In 2014 Regulatory Services' share of these revenues is \$3.7 million and CPED's share is \$500,000. Revenue in future years is projected to decline by 6% annually.

Expenditures

Expenditures from the Regulatory Services Special Revenue Fund include services such as demolitions, board-ups, nuisance grass cutting, nuisance tree removals, and nuisance rubbish removal. In order to continue to spend down fund balance, total budgeted expenditures for 2014 are \$5.1million or \$869,000 in excess of revenue. Regulatory Services' appropriation is \$4.6 million, and CPED's appropriation is \$500,000.

Mayor's Recommended Budget

The Mayor recommended no changes to the base operating budget.

Council Adopted Budget

The Council approved the Mayor's recommendations.

Regulatory Services Special Revenue Financial Plan (in thousands of dollars)

Special Revenue Fund	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Budget	% Chg from 2013 Projected	2015 Forecast	2016 Forecast	2017 Forecast
Revenues									
Special Revenue Fund (Revolving) Revenues	5,944	4,574	4,326	4,568	4,235	93%	4,103	3,857	3,625
Expenses									
Special Revenue Fund (Revolving) Expenses	7,241	4,831	4,959	5,212	5,104	98%	4,920	4,625	4,348
Fund Balance at start of year	6,775	5,478	5,221	5,221	4,577		3,708	2,891	2,123
Fund Balance at end of year	5,478	5,221	4,587	4,577	3,708		2,891	2,123	1,400