



# A City that Works

Responsible tax policy and sound financial management provide short-term stability and long-term fiscal health.

## What strategies are working?

### THE CITY IS THINKING LONG-TERM TO PROTECT ITS FINANCIAL FUTURE.

- The City adopted a five year financial directive to provide predictability and match finances to our goals.
- We are protecting the City's long-term financial stability by better anticipating short-term financial challenges. Because we recognize that financial ups and downs are inevitable, the City has set money aside. The City has a healthy fund balance that will enable it to weather a short-term financial challenge.
- We are committed to assessing the future implications of the decisions we are considering today.
- The City has identified major needs that will require substantial funds. It is putting away money now to prepare for these extraordinary costs.
- The City is managing its pension obligations and paying off debts to protect its financial future and ensure that it is able to capitalize on growth opportunities.

### WE ARE HOLDING OURSELVES ACCOUNTABLE.

- Ten years ago, we were allowing departments to avoid paying all the costs of internal service funds and charges. Now, departments are expected to pay their fair share. We are charging enough to insure these funds can be healthy.
- The Finance Department works to ensure that City departments live up to their budgeting decisions and comply with the City's financial policies and goals.
- We monitor our funds and make transfers between funds to maintain the health of these funds.
- We adopted the Capital Asset Request System to provide ongoing planning and funding of operating capital. This allows for greater flexibility and places a greater focus on results.
- We revised our practices to better recognize financial obligations.

### WE ARE COMMITTED TO TRANSPARENCY AND ACCURATE FINANCIAL REPORTING.

- Staff are working to develop better financial reporting to the public, departments and the City Council.
- The City is committed to transparency in its finances. Efforts such as Results Minneapolis and OpenGov show our commitment to responsible financial decision-making and governmental transparency.
- We provide year-to-year comparisons and offer greater context in our financial reporting. We are identifying funding issues and implementing plans to address those issues.
- Our fiscal analysis and financial forecasting are more robust.

### WE ARE COMMITTED TO WORKING WITH OUR PARTNERS.

- The City's legislative team is working with other cities and the League of Minnesota Cities to ensure everyone knows what's going on. We are getting better at going to the capital with one voice.
- Despite political and financial tensions, the City and the County are getting better at working together.

## What strategies are not working?

### DECISIONS MADE TO PLEASE NEIGHBORHOODS SOMETIMES COME AT THE EXPENSE OF THE CITY'S LONG-TERM FUTURE.

- Neighborhoods wield out-of-proportion power over development. Staff and elected officials focus too much on vocal neighborhoods and too little on the greater good and the city's long term future. We aren't talking about finding the right balance between neighborhoods wants and community needs
- The City says it wants density, but when it comes time to make decisions, it doesn't walk the talk and approve development. The City makes a lot of inconsistent decisions about density due to vocal groups.

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## THE CITY ISN'T DOING ENOUGH TO GROW THE TAX BASE OR EVALUATE THE FUTURE IMPLICATIONS OF ITS ACTIONS.

- The City's zoning code, development guidelines and regulatory policies aren't aligned to promote growth. The City is chasing away developers and businesses through overly stringent requirements. Residents will pay more taxes if we allow overly restrictive policies to hamper tax base growth.
- The City isn't doing enough to take advantage of the incredible opportunity we have in the next five years to grow the tax base. Realistically, this opportunity won't last. We have to act now.
- We don't fully vet our innovations. Our decision-making criteria doesn't always include an assessment of financial risk. We don't ask whether the outcome is worth the cost. When decisions are made, do we consider the City's long-term fiscal health and whether we can afford to pay for this in 20 years?

## THE CITY'S BUDGETING MIND SET IS STILL TOO DEPARTMENT-FOCUSED.

- Departments still don't have an enterprise perspective when preparing budgets. City leaders do a good job of pointing where the City should go, but departments still work in silos and think about departmental funds, not the general fund.
- We call it program-based budgeting, but, in reality, we still do departmental budgeting. If we were truly outcome-based, we would see one department lobby for funds for another department that is working on a complementary initiative.

## OUR INFORMATION AND DATA ARE STILL LACKING.

- Our financial reporting and forecasting systems are lacking.
- Our technology is antiquated. Relying on old systems means we're making decisions based on a hodgepodge of data that could be unreliable or inappropriate. We don't evaluate our data quality.
- We follow a flawed process to create data systems. When a department asks for a system, we accommodate their request rather than questioning whether that is really the right approach. The result is a piecemeal system built for a variety of needs, not a system designed for the entire enterprise.
- We generate a lot of data, but we don't consider whether it really connects to what we're trying to evaluate. Data isn't helpful if it doesn't move you toward a goal or help you make a sound decision.
- We aren't helping employees understand how to use data to make sound financial decisions.
- We haven't fully thought about who should be accessing data. As a result, we risk exposing non-public data.

## WE AREN'T MAINTAINING OUR INFRASTRUCTURE.

- The City is underinvested in infrastructure. There are constant maintenance needs and never enough money. Failing to care for infrastructure is wasteful and disrespectful to our taxpayers.
- Residents don't see the value in infrastructure they can't see and touch. They support streets and parks, but they can't see the value in investing in municipal buildings, information systems, fiber optics, etc. As a result, it's hard to get adequate funding for municipal infrastructure investment and maintenance.
- The City still needs a back-up water structure to ensure capacity when the river is dry; however, a back-up supply is opposed by other communities.

## Working in partnership, what strategies could we pursue?

### TAKE ACTION TO GROW MINNEAPOLIS' TAX BASE.

- Reduce unnecessary or overly restrictive City requirements that hamper development and business growth. Increasing Minneapolis' tax base will benefit all residents.
- Take advantage of the incredible economic opportunity we have now to improve the City's tax base.
- Partner with the business community to help them expand and employ our less advantaged residents. Lifting

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everyone up will improve the entire region.

- Walk the talk about density. Strive to be more consistent in making development decisions that could increase density, even if that means offending a vocal neighborhood.

## **MAKE A GREATER EFFORT TO ENSURE DECISION-MAKING FOCUSES ON WHAT'S BEST FOR THE ENTIRE COMMUNITY.**

- Take a hard look at the power of vocal neighborhood groups to stop projects that could benefit the greater community. Strike a better balance between neighborhood desires and community needs.
- Focus decisions on data, sound policy and fiscal responsibility, rather than bowing to the loudest group. City leaders have to summon the political will and courage to make more decisions that reflect the best option for the City's future, even if that is a decision the neighborhood dislikes.
- Talk more about what's best for the future of the entire community. City leaders can spend time and effort urging residents to look beyond the "what are you doing for me" mentality. For example, help residents of south Minneapolis understand that investment in north Minneapolis will benefit them too.

## **CHAMPION THE CONTRIBUTIONS OF GOVERNMENT.**

- Champion the value of infrastructure investments and help taxpayers see that they are getting a reasonable value for their tax dollars. It's crucial that we work to retain the faith of taxpayers. We need that faith to ensure we have the resources to support infrastructure and government services.
- Help boots-on-the-ground employees understand how City services benefit the community and how each employee's work contributes to the community's wellbeing. Engaged employees who recognize the importance of their work can serve as the City's ambassadors to residents.

## **ALIGN THE BUDGETING PROCESS TO LONG-TERM CITY GOALS.**

- Do more central planning during the City's budgeting process to ensure departments work together toward enterprise goals.
- Clarify the City's long-term financial strategy. Make sure we all know what the end game is. That way, we can be intentional in investing dollars to solve community problems.

## **WORK WITH OTHER JURISDICTIONS TO CARE FOR OUR INFRASTRUCTURE AND REDUCE COSTS.**

- Partner with the County, Metropolitan Council and State to address infrastructure maintenance needs that cross jurisdictional boundaries.
- Align City infrastructure projects with the infrastructure goals of Hennepin County and the Metropolitan Council. For example, instead of talking about streetcars, Minneapolis should be talking about integrating its transportation improvements into regional transportation improvement plans.

## **FIND NEW WAYS TO FUND INFRASTRUCTURE MAINTENANCE.**

- Create a separate funding mechanism to build and maintain City buildings and information systems. The City needs to accept that municipal infrastructure will never be as popular as parks and streets projects. A separate funding source would ensure these less popular projects are funded and, that in turn, ensures the City can deliver services to residents, businesses and visitors.

## **LOOK FOR NEW WAYS TO SAVE MONEY AND GENERATE NEW REVENUE.**

- Look for common services that could be consolidated. Examples include emergency dispatching, utilities, fire training, police and fire services, ambulance services, crime lab, and property and evidence storage.
- Create a centralized Visitors and Convention Bureau that would promote the Twin Cities as a vibrant place to live, work and visit. A strong, centralized entity would benefit us all. We don't need 19 different visitors bureaus spending millions each year to do the same thing.
- Consider selling water to other communities. Minneapolis' excess water capacity represents a great opportunity that the City should exploit.

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- Promote Minneapolis' water capacity to companies looking to relocate. Water availability is a regional strength that hasn't been fully exploited.

This conversation had representatives from Audit Department, City Assessor's Department, City Coordinator's office, City Council Office, Community Planning and Economic Development Department, Finance Department, Intergovernmental Relations Department, Hennepin County, Minneapolis Park Board, State of Minnesota and Minnesota State House of Representatives.