

**To:** Mayor, City Council  
**From:** Community Budget Advisory Committee  
**cc:** Staff  
**Date:** October 28, 2020  
**Re:** Community Budget Advisory Committee – Final Report

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Please accept our final report, which details final versions of the three budget scenarios requested by the Council. This report reflects the consensus of the committee.

## Scenarios

As requested, the committee has created three budget scenarios for your consideration. Shown below are the three scenarios and how they would impact monthly property tax cost for the median valued home and the average apartment.<sup>1</sup>

Monthly City Property Tax Change				Monthly City + County + Schools Property Tax Change	
	Levy Change	Median valued home	Average apartment	Median Valued Home	Average apartment
Scenario A	5%	+ \$3.40	+ \$4.35	- \$2.25	+ \$7.58
Scenario B	3%	+ \$1.51	+ \$3.14	- \$4.14	+ \$6.63
Scenario C	0%	- \$1.33	+ \$1.34	- \$6.99	+ \$5.20

*Table 1 - Monthly property tax impact of scenarios*

The committee considered three revenue options for lodging and admissions taxes – high, medium, and low revenue. A committee goal was to minimize the risk of revenues being lower than expected, so we selected the low revenue option for lodging and admissions taxes. This low revenue option is incorporated into all three scenarios shown above.

## Reserves / Capital funds

The committee chose to make use of two reserve related budget adjustments. These values are incorporated into the baseline budget.

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<sup>1</sup> A median valued home is the home in Bloomington where ½ of the homes are less expensive and ½ are more expensive, using the assessed valuation calculated by the City. The average apartment price is based on industry survey data.

<b>Tactic</b>	<b>Budget impact</b>
<b>Reduce abatement amount in Normandale Lake Abatement District</b>	<b>\$650,000</b>
<b>Cancel planned capital contribution toward Valley View Pool vessel replacement</b>	<b>\$663,000</b>

*Table 2 - Reserve related budget adjustments*

## Expense Reductions and Fee Increases

The committee started with the baseline 2021 city budget, modified to reflect the reserve related changes listed above. After those changes, all three scenarios require further reductions in the budget.

<b>Scenario</b>	<b>Additional required budget reduction</b>
<b>Scenario A</b>	<b>\$1,579,411</b>
<b>Scenario B</b>	<b>\$2,873,208</b>
<b>Scenario C</b>	<b>\$4,813,904</b>

*Table 3 - Additional budget reductions necessary to balance budget*

We focused primarily on General Fund, Internal Service fund, and certain Enterprise Funds. These funds were in scope because they receive support from property, lodging, and admissions taxes. Enterprise funds that are supported by non-property tax revenues were not included because they are not impacted by variations in property, lodging, and admissions tax revenues.

The committee considered over 100 ideas for budget reductions and revenue increases, sourced from city management, committee members, and the public. To achieve certainty for the budget, we set aside any idea that required others to act. This means that we did not adopt any idea that required:

- Legislative approval
- Negotiations with other units of government
- Changes to labor agreements

Staff indicated that the baseline budget included no cost-of-living adjustments for unrepresented employees and union-represented employees who did not have settled labor contracts at the time the committee was meeting. We assume no cost-of-living adjustments in all three scenarios.

A later section of this document lists ideas that the committee recommends be considered for future budget years.

The committee met for several meetings to discuss the department budgets in detail. We considered a wide variety of input from many sources in creating the rankings. In an effort to ensure equity in our decisions, we made a particular effort to reach out to underrepresented communities to receive their input, and received a report from the City's Racial Equity Coordinator on the equity impact of certain reduction options. The final rankings were created by a forced ranking process, where each committee member independently assigned city services to one of three priority buckets. Weights were assigned to

each priority bucket, and the combined weighted ranking was used to create the prioritized list. There was a fairly strong consensus among committee members, reflected both in the weighted scores and the subsequent discussion. The ranked list was discussed by the committee at three meetings.

The attached spreadsheet shows the committee's prioritized list of budget reductions and fee increases. It is sorted by the rank of each item. The spreadsheet should be used in conjunction with the [Budget Reduction worksheets](#), which provide more detail on each option considered. This table shows the meaning of each column.

Column name	Meaning
<b>Option #</b>	The number that identifies a particular option/idea that the committee considered.
<b>Rank</b>	This is the rank of the option. Items assigned a 1 are the most likely to be adopted by the committee, and higher numbers indicate the committee is less likely to adopt the option.
<b>Scenario</b>	Indicates which of scenarios the item is assigned to
<b>Dept</b>	The department that is impacted by the option
<b>Description</b>	A short description of the item. You can find more detail on each option considered in the Budget Reduction Worksheets document. The Option # is handwritten on each page.
<b>Amount</b>	The dollar impact of the item
<b>Cumulative total</b>	The cumulative total of this row and all rows above

The table below shows the headcount impact of each of the scenarios.

Scenario	2020 Actual	2021 Proposed	Total
<b>Scenario A</b>	18	1.125	19.125
<b>Scenario B</b>	18	6.55	24.55
<b>Scenario C</b>	18	13.55	31.55

*Table 4 - Headcount impact by scenario*

Our cutoff for considering new or updated budget reduction ideas was October 21.

## Items for future consideration

These ideas had merit, but for various reasons could not be considered for the 2021 budget. The committee recommends that the Council examine these ideas for inclusion in future budgets.

Idea	Discussion
<b>Port Authority funds</b>	The Port Authority had a fund balance at the end of 2019 of nearly \$87,000,000. Nearly all of this balance is carried on the Port Authority's books as restricted for tax increment purposes. The City and Port Authority should examine whether changes could be made to these funds so that some these resources could be used for general purposes by the City.

<b>Misdemeanor prosecution</b>	Many cities contract with private law firms to perform misdemeanor prosecution. Bloomington employs staff prosecutors. The Council should examine whether this service could be provided more cost effectively by private firms, or, alternately, whether additional economies of scale could be achieved by bidding on prosecution work for other cities.
<b>Increased collaboration with Three Rivers Park District</b>	Examine whether further collaboration with Three Rivers Park District on these services would allow for more efficient service delivery. <ul style="list-style-type: none"> <li>• Hyland Greens</li> <li>• Bush Lake Park</li> <li>• Normandale Lake Park</li> </ul>
<b>Increased collaboration with Hennepin County</b>	Examine whether further collaboration with Hennepin County on these services would allow for more efficient service delivery. <ul style="list-style-type: none"> <li>• Motor vehicle licensing services</li> <li>• Public Health</li> </ul>
<b>Public safety dispatch consolidation</b>	Examine whether a consolidation of public safety dispatch functions, either with neighboring communities or with the Hennepin County Sheriff, would allow for more efficient service delivery.
<b>Land sales</b>	Consider selling unutilized lands held by the City, where there is either no foreseeable use for the property or, in the case of parkland, it duplicates nearby uses.
<b>Other revenue streams</b>	Examine whether other revenue streams (e.g., naming rights for prominent facilities) would diversify city revenue streams.

## Other

The Community Budget Advisory Committee was appointed by the Council in May of 2020. Committee Members are Neil Peterson (co-chair), Steve Peterson (co-chair), Akua Asare, John Gibbs, John Laux, Jessica Linares-Kunkel, Chao Moua, Maureen Scallen Failor, and Josh Syrjamaki.

The committee met 18 times between June and October 2020. We held seven community input sessions that were attended by over 100 people.

The committee particularly wishes to thank Kari Carlson and Briana Eicheldinger for their diligent support of the committee's activities.