

2019

DEPARTMENT









results
minneapolis

Finance and Property Services





Performance summary

Enterprise priorities (page 4): Workforce diversity, Spending with diverse suppliers

Department priority (page 5): Establish Regular Schedule for Updating Financial Studies and Policies,
Create an enterprise inventory of capital assets to better measure value, risk, unfunded needs and annual maintenance

Budget program	2018 Budget	Performance measure	2018 performance	Trend from prior year	Trend: Red/yellow/green
Property Services	\$22.9M	<ol style="list-style-type: none"> City carbon emissions Management Services Survey responses 	<ol style="list-style-type: none"> 54K metric tons of carbon dioxide N/A 	<ol style="list-style-type: none"> Decrease No trend 	<ol style="list-style-type: none">  
Controller (Accounting and Financial Reporting)	\$6.8M	<ol style="list-style-type: none"> Number of audit findings 	<ol style="list-style-type: none"> N/A 	<ol style="list-style-type: none"> No trend 	<ol style="list-style-type: none"> 
Revenue & Collections (Utility Billing System)	\$5.1M	<ol style="list-style-type: none"> Percent of Utility Billing transactions paid electronically Number of utility bills per year 	<ol style="list-style-type: none"> 55% \$1.173M in utility bill invoices 	<ol style="list-style-type: none"> Stable Stable 	<ol style="list-style-type: none">  
Procurement	\$4.6M	<ol style="list-style-type: none"> Average number of days to pay invoices 	<ol style="list-style-type: none"> 15.75 days 	<ol style="list-style-type: none"> Decrease 	<ol style="list-style-type: none"> 
Risk Management & Claims	\$2.3M	<ol style="list-style-type: none"> Number of workers comp. claims Total paid for workers comp. claims 	<ol style="list-style-type: none"> 486 claims \$2.2M in claims 	<ol style="list-style-type: none"> Stable Decrease 	<ol style="list-style-type: none">  







Trend Key

-  Year-over-year (YoY) increase by more than 5%
-  Less than 5% YoY change
-  YoY decrease by more than 5%
-  No trend





Performance summary

Enterprise priorities (page 4): Workforce diversity, Spending with diverse suppliers

Department priority (page 5): Establish Regular Schedule for Updating Financial Studies and Policies,
Create an enterprise inventory of capital assets to better measure value, risk, unfunded needs and annual maintenance

Budget program	2018 Budget	Performance measure	2018 performance	Trend from prior year	Trend: Red/yellow/green
Payroll	\$1.8M	1. Number of W-2s	1. 10.8K W-2's	1. Increase	1. 
Development Finance	\$1.5M	1. City sales tax revenue	1. \$89.8M	1. Increase	1. 
Budget	\$0.8M	1. Number of visits to budget website 2. Number of visits to financial transparency page	1. 5,995 visits 2. 1,231 visits	1. Increase 2. Decrease	1.  2. 
Investments, Capital, and Debt Management	\$0.8M	1. Bond rating (Standard & Poor's; S&P Management Score; Fitch Ratings) 2. Investment Diversity	1. AAA, Very Strong, AA+	1. Stable	1. 
Executive / Administration	\$0.7M	1. Progress of department priorities	1. \$47M actual + 5.8M surplus	1. No trend	1. 

Trend Key

-  Year-over-year (YoY) increase by more than 5%
-  Less than 5% YoY change
-  YoY decrease by more than 5%
-  No trend

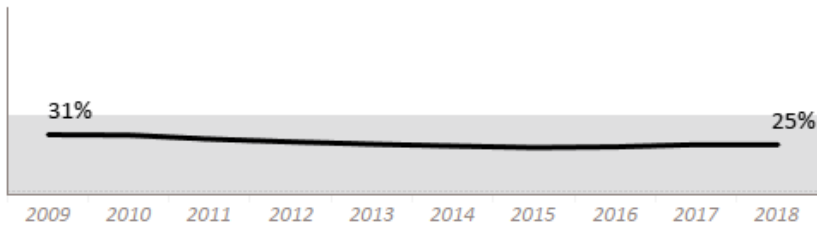
Enterprise Priorities

Workforce diversity

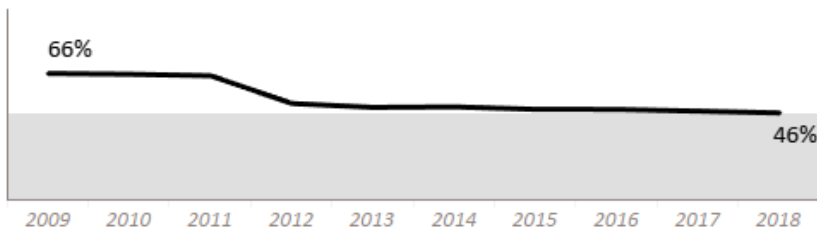
- **Does not meet** enterprise goal of 41% people of color
- **Meets** enterprise goal of 45% women
- The Finance and Property Services Department has initiated a new Accounting Fellowship program as one additional way to increase pathways to employment for people of color. Further, our department participates in and supports efforts lead by Human Resources to meet Workforce diversity goals. New initiatives to retain women and people of color are beginning including pathways to career growth and promotion.

Workforce diversity (2009-2018)

People of color



Women



Notes:

(1) Grey shading indicates enterprise goals (41% people of color and 45% women).

Spending with diverse suppliers*

- **Does not meet** Citywide percent diverse spending
- **Does not meet** Citywide percent spending with minority-owned suppliers
- **Does not meet** Citywide percent spending with non-minority women-owned suppliers
- The large increases in spending for Finance and Property services is the result of major capital projects including the City office building. The SUBP subcontract amounts for capital are not shown in the data below. FPS has recently implemented procurement modules to help move the City to a more user-friendly environment for businesses new to the City process. FPS also intentionally works with smaller planning and architectural firms on real estate projects.

Total supplier spending* over selected years

\$19.1M

Amount spent with diverse suppliers over selected years

\$2.0M (11%)

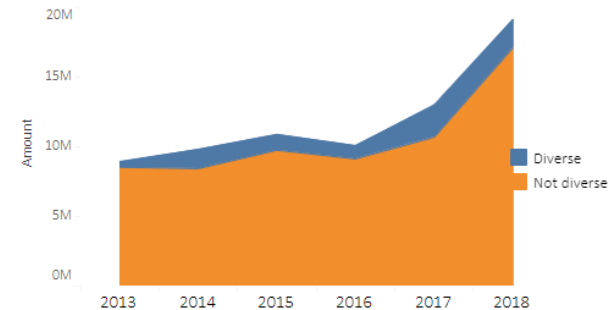
Minority-owned

\$538K (3%)

Non-minority women

\$1.5M (8%)

Share of diverse spending* (all years)

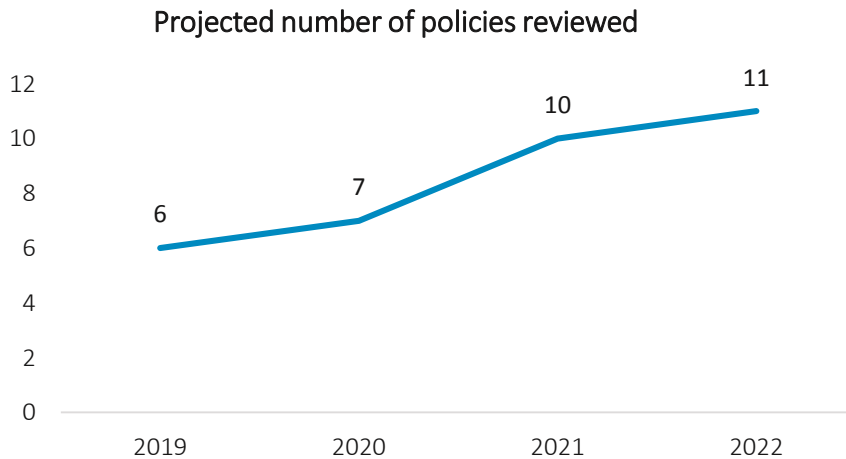


Department Priorities

Establish Regular Schedule for Updating Financial Studies and Policies

- A national bond rating agency, Standard & Poor's, separately rates municipal bond issuers on management practices in addition to an overall credit score/bond rating. Standard & Poor's believes that meaningful financial policies that are deeply imbedded in a City and that are regularly reviewed by elected officials are very important in the credit worthiness of an enterprise. Minneapolis has fallen behind a regular review of these studies and policies. FPS is committed to updating the following:
- Fee studies for all business license type activities, fund balance policies, debt, investment, food, expense reimbursement, travel, TIF, continuity of operation, and others.

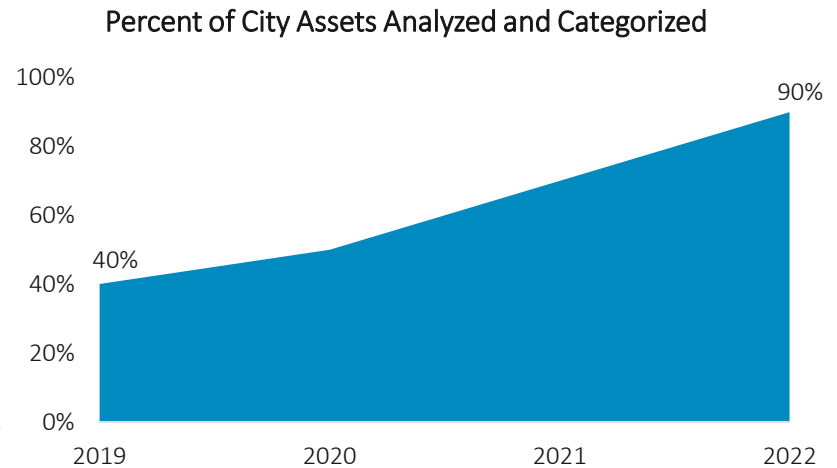
Performance measure



Create an Enterprise Inventory of Capital Assets to Better Measure Value, Risk, Unfunded Needs and Annual Maintenance

- In the past, the City has not given consistent data to policy-makers to set priorities for capital needs. The needs are fragmented in different departments and division. There is not a comprehensive way to measure risk (need to insure buildings, need to replace assets at the end of life) value (for our financial reporting) or compare capital needs across multiple departments. FPS is undertaking a major effort to track enterprise building condition in a database as a first step. The next step will be to assemble a common document for policy makers to rate the condition of our assets in a simple scale "A, B, C, D, F" as well as measure how we take care of and insure those assets. The success will be measured by the percentage of total assets measured and in a common document.

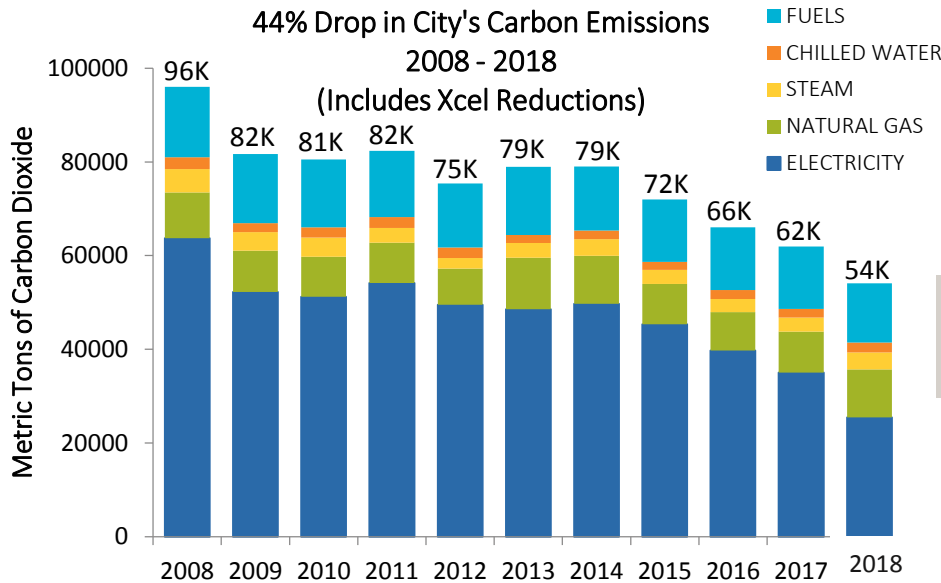
Performance measure



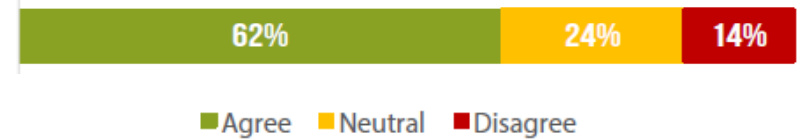
Property Services

Program description: The primary purpose of this program is to comprehensively and strategically provide for the land, facility, and furnishing needs of City owned, operated and leased facilities through various activities including preventive maintenance and corrective maintenance, routine cleaning and maintenance, construction, tenant improvements, space and asset management, and security and life safety needs. Also to provide centralized energy management services that support energy conservation, renewable energy and alternative fuels, and emissions reductions. Additionally, to provide centralized internal security management services that reduce risk to the City's Operating Departments. The goals of this program are to provide safe working environments for employees, their clients and visiting members of the public.

Performance measures



Management Services Survey responses



Data source: 2016 Management Services Survey. n = 206.
Bar chart reflects overall responses to the question: "Property Services supports our department effectively."

Definition:

- The City's goal is to reduce greenhouse gas emissions from City municipal operations by at least 1.5% annually. Through upgrades to lighting, insulation, and heating/cooling equipment, and Xcel Energy increasing the amount of renewable electricity on the grid, we have reduced carbon emissions by an average of 4.7% annually. The City will continue to add its own solar arrays on City facilities, subscribe to solar gardens, use utility programs like Renewable Connect while implementing other methods of procuring renewable electricity, and implement further conservation measures to reach the 100% renewable goal by the beginning of 2023.

Definition:

- To address scores from the management services survey, information gathering was completed with departments that had rated property services in the neutral to disagree range. The most common feedback was to improve communications with departments, especially ensuring that if a department request was not feasible, rationale and options are provided. Through adapting the culture of the customer departments, Property Services is working to be more responsive, make accommodations when possible, and communicate findings and rationale with departments.

Controller

Program description: This program plays a critical role in providing financial information to City policy-makers, City staff and decision-makers enabling them to perform their job more effectively and provide services to City residents. Information also is made accessible for external stakeholders such as the public, City investors, bond rating agencies, the State Auditor and grant agencies. A primary goal of this program is to ensure fiscal responsibility through monitoring and internal controls, and provision of financial information for strategic decision-making among department managers and leadership. Key services provided by this program include: monitor and report department revenues and expenditures to managers and policy-makers including grant-related revenues and expenses, and report this information to grantors, provide information on the City's human and financial resources using COMET (City of Minneapolis Enterprise Technology), prepare City's quarterly financial report and Comprehensive Annual Financial Report (CAFR), respond to internal and external audits, design and administer rate models that allocate shared costs for internal services and assist managers during the annual budget process and to provide financial analyses and pertinent information necessary to support City decisions and investment.

Performance measures



Definition:

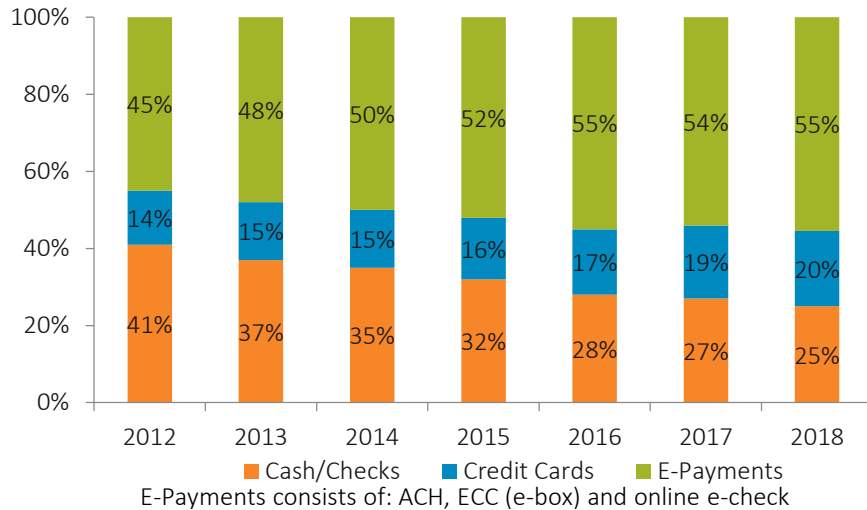
- The City is statutorily required to be audited each year by the Minnesota Office of the State Auditor. The Auditor reviews the City's financial statements, internal controls, grants, and legal compliance requirements through the annual audit process. When the City is found to be deficient in one of these areas, it may result in an audit finding. Findings listed as "Resolved" in the graph above represent the successful completion of the planned corrective action. For the 2017 Audit, performed in early 2018, there was one returning audit finding, three new findings, and three previous findings were resolved.

Revenue and Collections

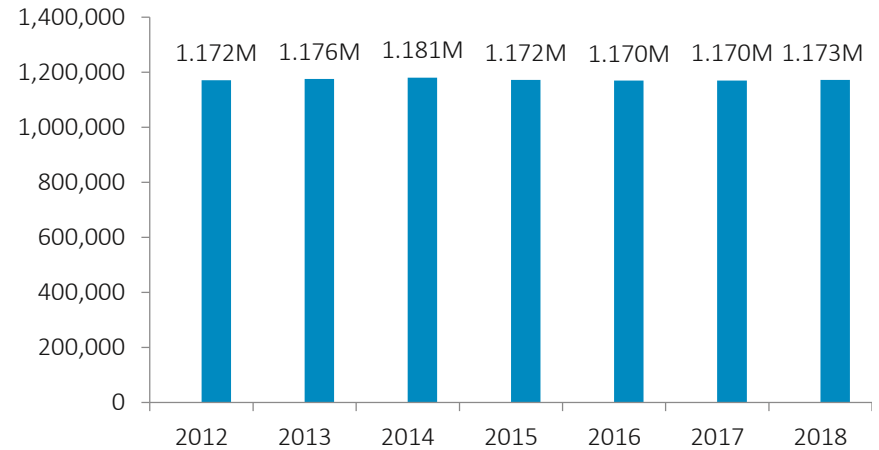
Program description: This program is mandated by Minneapolis City Ordinance and is collaboration between the Finance and Property Services and Public Works Departments to invoice, collect revenue and provide specific utility customer account information related to the delivery of City water, sewer, solid waste and storm water services. The revenues generated sustain the operations of these departments, so it is imperative that revenues are billed and collected in an efficient manner.

Performance measures

Percent of Utility Billing Transactions by Payment Type



Number of Utility Bills per Year



Definition:

- The percent paid electronically which comprise of credit cards, e-check, ACH & ECC (E-BOX) has increased from 59% in 2012 to 75% in 2018.

Definition:

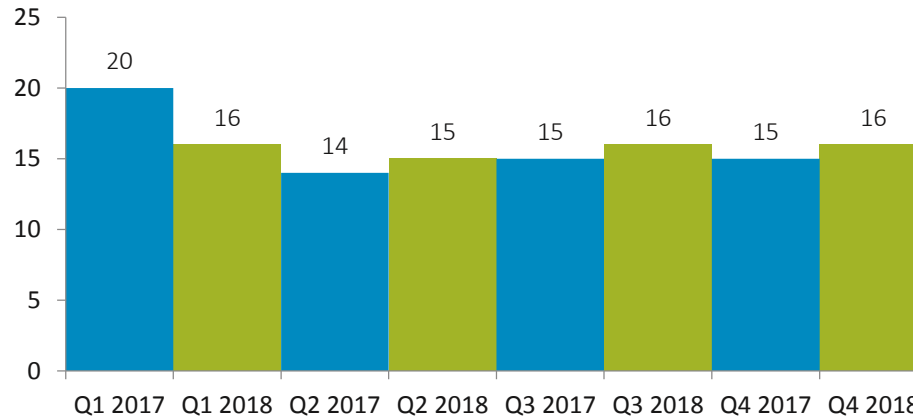
- Approximately 98k utility invoices are generated on a monthly basis which contains charges for water, sanitary sewer, solid waste and stormwater. Around 32% of our customers have opted to receive these invoices electronically (e-mail).

Procurement

Program description: This program manages, facilitates and oversees bidding and contracting for, purchase of and payment for all goods and services for all City departments and independent boards. City departments and independent boards rely on this program for obtaining goods and services through open, competitive and cost effective processes that reflect City values, safe-guarding against malfeasance and for ensuring that vendors are paid in a prompt manner. Through this program external stakeholders also are invited and encouraged to work with the City and establish procurement relationships. Further, this program supports activities related to green purchases and strives to increase the percentage of green purchases throughout City departments, wherever possible.

Performance measures

Average Number of Days to Pay Invoices by Quarter
Comparison 2017 - 2018



Average number of days across all of 2018: 15.75

Definition:

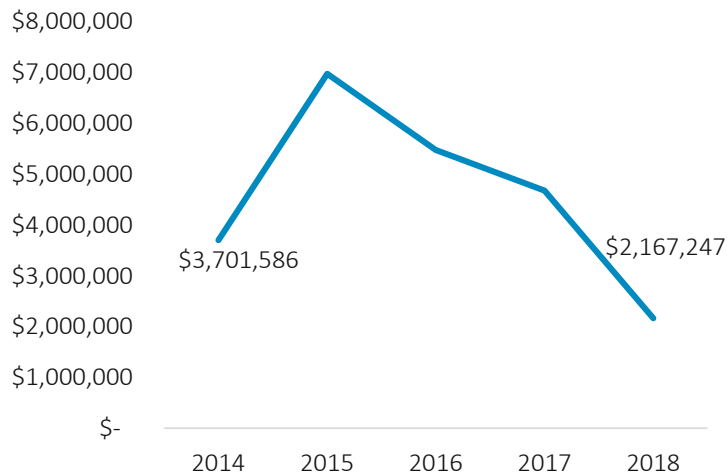
- The average number of days to pay invoices is calculated by taking the invoice payment date minus the date that we received the invoice. From the day that we receive an invoice from our vendors, we are making the payment within an average of 16 days. This calculation weighs the two types of payment terms; Due Now and Net 30. The average for Due Now payments was 7.75 days and the average for Net 30 payments was 21.70 days

Risk Management & Claims

Program description: The goals of this program are the preservation of City assets, prevention of the loss of financial resources and injury to City employees, administration and management of workers' compensation claims and tort claims (liability claims under \$25,000), unemployment program administration as well as loss prevention activities, which include safety, OSHA, ergonomic programs and subrogation. This program plays a pivotal role in supporting the City in its ability to provide services to residents, administration of claims, and safety to the work environment, employees, and its citizens.

Performance measures

Cost by year of claim occurrence



Year	Workers' Compensation					Claim Cost**
	Claims			Medical Only	Indemnity	
	Submitted	Denied	Approved			
2018	486	18	468	339	147	\$ 2,167,247
2017	489	36	453	309	144	\$ 4,677,276
2016	478	32	446	335	111	\$ 5,474,766
2015	493	16	477	330	147	\$ 6,974,735
2014	457	13	444	323	121	\$ 3,701,586

* Indemnity includes lost time.
 ** Claim cost is stated based on year of claim not year paid.

Definition:

- The City is self-insures workers' compensation and self-administers claims. Claim costs are tracked by the year in which the claim occurred. In 2018, total workers' compensation claims costs totaled \$11,618,331. Of that \$2,167,247 was attributable to claims that occurred in 2018. The 2018 claim cost will continue to increase each year until all claims are fully paid and lost time is exhausted.

Definition:

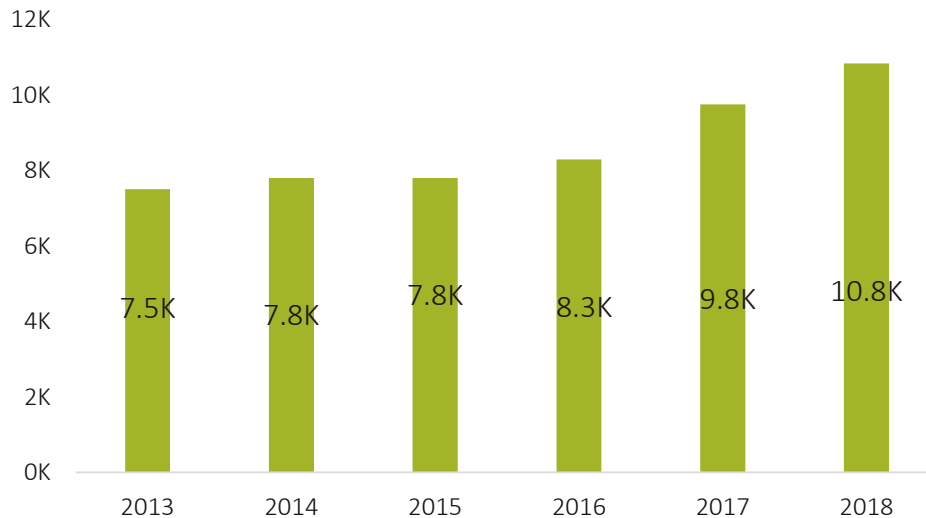
- In 2018 the City launched a renewed light duty and return to work initiative to assist employees and to manage costs. Loss control efforts are added in areas in which claims indicate additional resources or training are needed.

Payroll

Program description: This program effectively administers the provisions of twenty-three City labor agreements and labor-related pay work rules, numerous federal and state laws, and detailed chart of accounts coding used by some City departments to efficiently and accurately pay 5,000 to 7,000 City employees every two weeks (the number of City employees on the payroll fluctuates throughout the year). Through this program, the City also pays various benefit-related payments such as health and dental premiums, deferred compensation and mini-flex accounts as well as other payments such as union dues.

Performance measures

Number of W-2s Issued by Year



Note: Includes seasonal, temporary, and permanent positions for each calendar year.

Definition:

- The number of W-2s provided by the City of Minneapolis has increased by approximately 10% from 2017 to 2018. The majority of this change is due to an increase in the number of election judges required for the 2018 elections.

Budget

Program description: This program is responsible for the management, planning, and oversight of the City's financial resources and commitments. In doing so, city departments are challenged to think of innovative and cost effective ways to provide their services and optimize the use of their resources. Policymakers, City Department staff, residents and businesses rely on this program for information and direction on City finances, budget development and strategic use of resources.

Performance measures

Visits to City's Budget Website and Financial Transparency Page	2015	2016	2017	2018
Number of Visits to Budget Website	Not Available	4,148	4,579	5,995
Number of Visits to Transparency Website	2,956	1,901	1,651	1,231

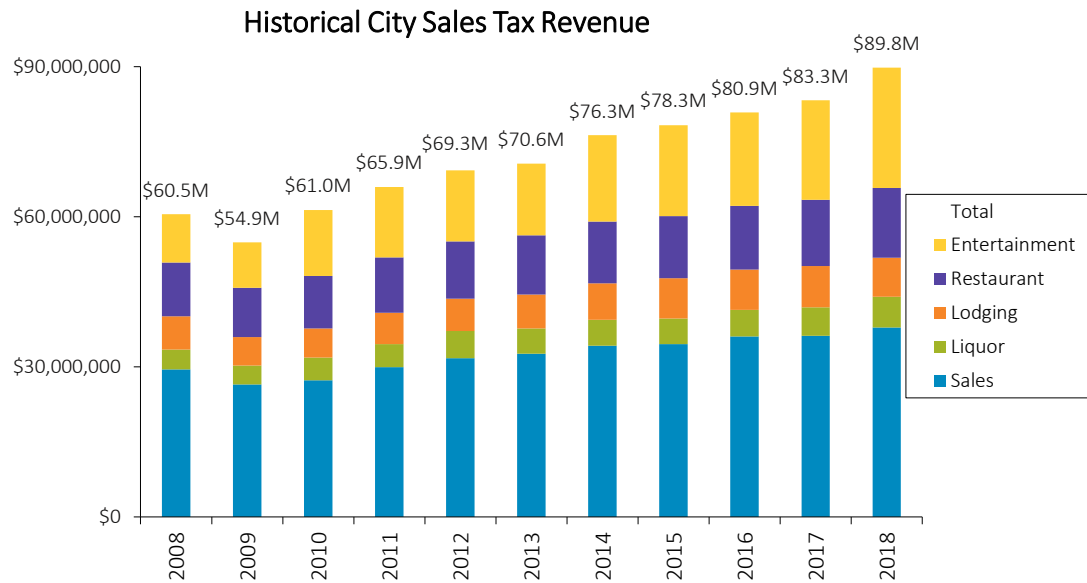
Definition:

- The City uses its Budget Website and Financial Transparency Website as a way to provide information to the public on how the City's resources are allocated, and ultimately spent. The numbers above show how many unique visitors have viewed each of these sites in a given period. Visits to the sites from City computers are not included. Though this metric does measure how well the information is understood, one can assume correlation between an increase in visits to these websites and a greater understanding across our city of how public resources are allocated and spent.

Development Finance

Program description: This program provides financial management, analysis, planning and administrative services to the Community Planning and Economic Development (CPED) Department, the Neighborhood and Community Relations (NCR) Department, the Chief Financial Officer, and elected officials in support of the City's economic development and housing policies, objectives, programs, and projects.

Performance measures



Definition:

- The City collects five different local sales taxes including a .5% general sales tax, a 2.125% lodging tax for hotels with more than 50 rooms, a 3% entertainment tax, a 3% liquor tax in the downtown area, and a 3% restaurant tax in the downtown area.
- As evidenced by the downturn in 2009, economic cycles affect the amount of local sales taxes that are generated each year.
- The Development Finance Division has supported efforts to renovate the Target Center, construct U.S. Bank Stadium and the Downtown East Project, and undertake neighborhood revitalization activities that have resulted in increased local sales taxes.

Investments, Capital, and Debt Management

Program description: This program oversees and manages the City's investment relationships to provide the best return on financial assets, is responsible for leading the capital budget process through CLIC, and for managing the city's debt. This program is also responsible for facilitating City bond issues, making debt service payments, and tracking the use of bond authority.

Performance measures

Rating Agency	2015	2016	2017	2018
Standard & Poor's	AAA	AAA	AAA	AAA
S&P Management Score	Very Strong	Very Strong	Very Strong	Very Strong
Fitch Ratings	AAA	AAA	AA+	AA+

Definition:

- Bond ratings are required for the issuance of municipal debt. The City obtains bond ratings from two independent rating firms each time bonds are sold to the public. Bond ratings represent an assessment of the long-term financial strength of the City and are a key indicator of the City's ability to pay principal and interest on bonds when due. The City has the highest and second highest ratings from S&P and Fitch respectively. This metric is important to the City because bond ratings directly impact the interest rates the City will have to pay on bonds issued to finance capital projects. The ratings also serve to provide policymakers and members of the community an objective evaluation about how well the finances of the City are being managed.

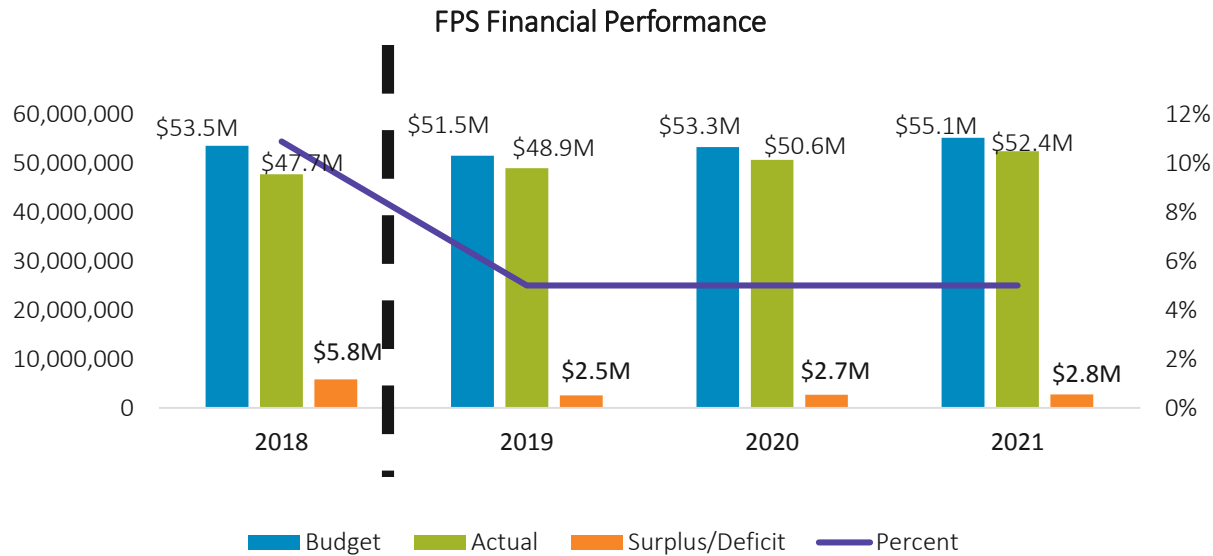
Investment Diversity	2015	2016	2017	2018
Number of banks/firms investing City cash	4	4	4	12

Definition:

- In response to a Council directive on supplier and vendor diversity, the City has contracted with several firms for investment of the City's cash assets. In 2018, the number of firms rose from 4 to 12, including some smaller local banks and independent providers of investment products. Through these vendors, the City has further distributed investments to hundreds of small banks across the United States. This metric is important because it can improve the overall performance of the City's investment portfolio by diversification of the investment products available while also reducing the concentration of assets in a small number of very large banks. It also provides opportunities and funding for smaller organizations to participate in the local economy.

Program description: The Finance Officer (CFO), a position defined by City Charter, is responsible for maintaining the City’s financial health so that it can continue to provide a wide array of services to residents, business and visitors, and maintain public health and safety. In addition, this program provides strategic oversight and coordination of the department; and, human resource and administrative support for the department.

Performance measures



Definition:

- FPS overall budget to actual. The Executive/Administration division coordinates all other divisions. This coordination means effective use of our budgeted resources. It is most important to stay under budget. The goal/performance measure is to spend approximately 95% of FPS budget across all divisions, leaving a 2% to 4% surplus for rollover or contributions to one-time expenses.