

2020

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





Trend Key








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

Budget Program	2019 Budget	Performance Measure	2019 Performance	Trend from Prior Year	Trend: Red/Yellow/Green
Property Services	\$23M	<ol style="list-style-type: none"> City Carbon Emissions Management Services Survey responses 	<ol style="list-style-type: none"> 45 Metric Tons N/A 	<ol style="list-style-type: none"> Decrease No Trend 	<ol style="list-style-type: none"> ● ●
Controller (Accounting and Financial Reporting)	\$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)	\$7M	<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"> 56% 1176953 	<ol style="list-style-type: none"> Stable Stable 	<ol style="list-style-type: none"> ● ●
Procurement	\$5M	<ol style="list-style-type: none"> Average number of days to pay invoices 	<ol style="list-style-type: none"> 15.75 	<ol style="list-style-type: none"> Stable 	<ol style="list-style-type: none"> ●
Risk Management & Claims	\$2M	<ol style="list-style-type: none"> Number of workers comp. claims Total paid for workers comp. claims 	<ol style="list-style-type: none"> 412 \$1,441,921 	<ol style="list-style-type: none"> Decrease Decrease 	<ol style="list-style-type: none"> ● ●

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

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

Budget Program	2019 Budget	Performance Measure	2019 Performance	Trend from Prior Year	Trend: Red/Yellow/Green
Payroll	\$1.8M	1. Number of W-2s	1. 8,832	1. Decrease	1. 
Development Finance	\$1.6M	1. City sales tax revenue	1. \$89,181,551	1. Stable	1. 
Budget	\$1.5M	1. Number of visits to budget website 2. Number of visits to financial transparency page	1. 10455 2. 3474	1. Increase 2. Increase	1.  2. 
Investments and Debt Management	\$0.7M	1. Bond rating (Standard & Poor's; S&P Management Score; Fitch Ratings) 2. Investment Diversity	1. AAA, Very Strong, AA+ 2. 12	1. Stable 2. Stable	1.  2. 
Executive / Administration	\$0.7M	1. Progress of department priorities	1. \$51M actual + 2.5M surplus	1. Stable	1. 

Enterprise Priorities

Workforce Diversity

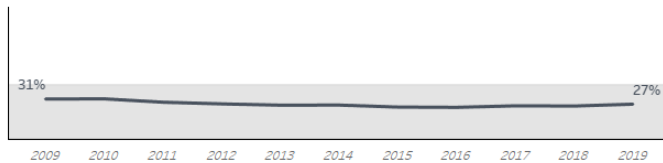
- **Does not meet** enterprise goal of 41% people of color
- **Exceeds** enterprise goal of 45% women

The Finance and Property Services Department successfully initiated a new Accounting Fellowship program. Further, our department participates and supports in efforts lead by Human Resources to meet workforce diversity goals. Retention through career growth, promotion and training have successfully continued to find and develop our best talent while working to align diversity goals.

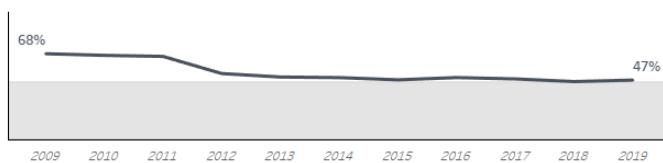
Workforce diversity (2009-2019)

Finance & Property Services

People of color



Women



Notes:

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

Definition for Regular City Workforce:

(a) Includes: all regular full-time, regular part-time, regular intermittent, and seasonal full-time City employees.

(b) Excludes: ACA seasonal and all temporary City employees including individuals on permit, outside trades, Election Judges, METP Summer Youth, and contractors.

Spending with Diverse Suppliers

- **Does not meet** Citywide percent diverse spending of 16%
- **Does not meet** Citywide percent spending with minority-owned suppliers of 7%
- **Does not meet** Citywide percent spending with non-minority women-owned suppliers of 9%

Finance and Property Services (FPS) has major capital projects including the City office building, resulting in a high increase of spending. FPS has implemented procurement modules to help move the City to a more user-friendly environment for businesses new to the City process. FPS also purposefully works with smaller planning and architectural firms on real estate projects, focusing on opportunities to work with more local and diverse businesses.

Summary

Total supplier spending* over selected years



Amount spent with diverse suppliers over selected years



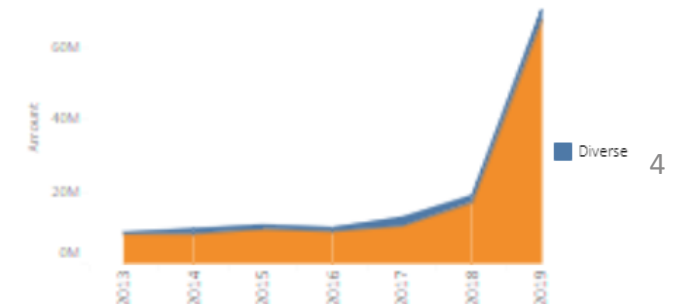
Minority-owned



Non-minority women



Share of diverse spending* (all years)



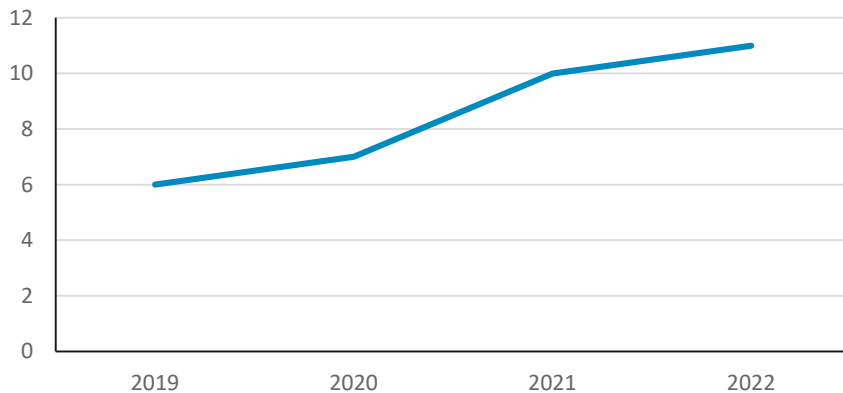
Department Priorities

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.

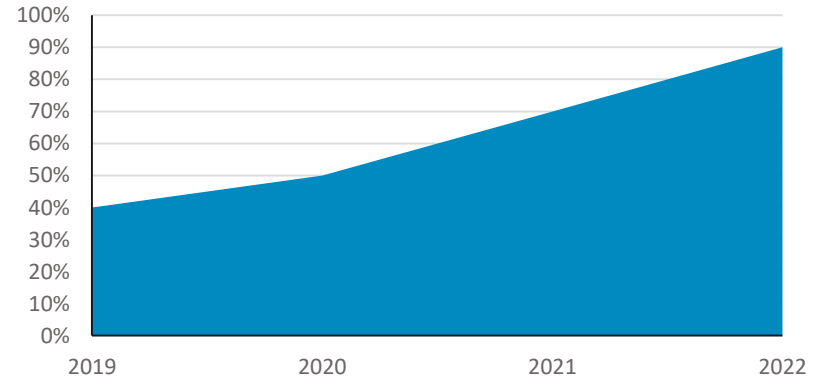
Performance Measure
Projected Number of Policies Reviewed



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.

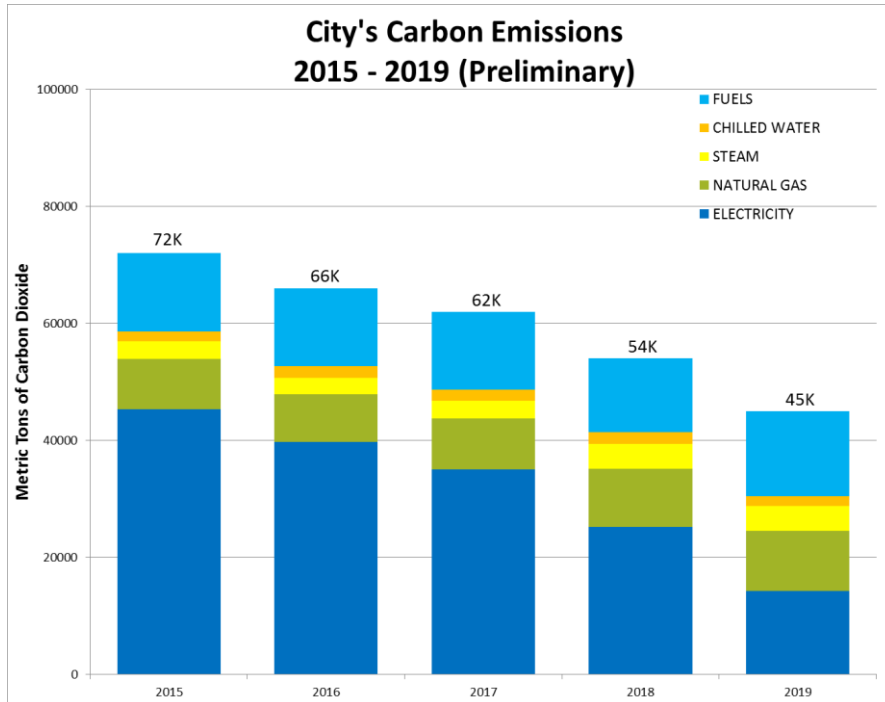
Performance Measure(s)
Percent of City Assets Analyzed and Categorized



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. They also provide centralized energy management services that support energy conservation, renewable energy and alternative fuels, and emissions reductions. Additionally, this program provides 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.

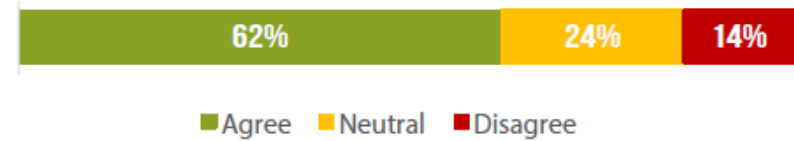
Performance Measures



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. In 2018, the City increased its purchase of Renewable Electricity from Xcel Energy to 60% of the City's total usage.

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."

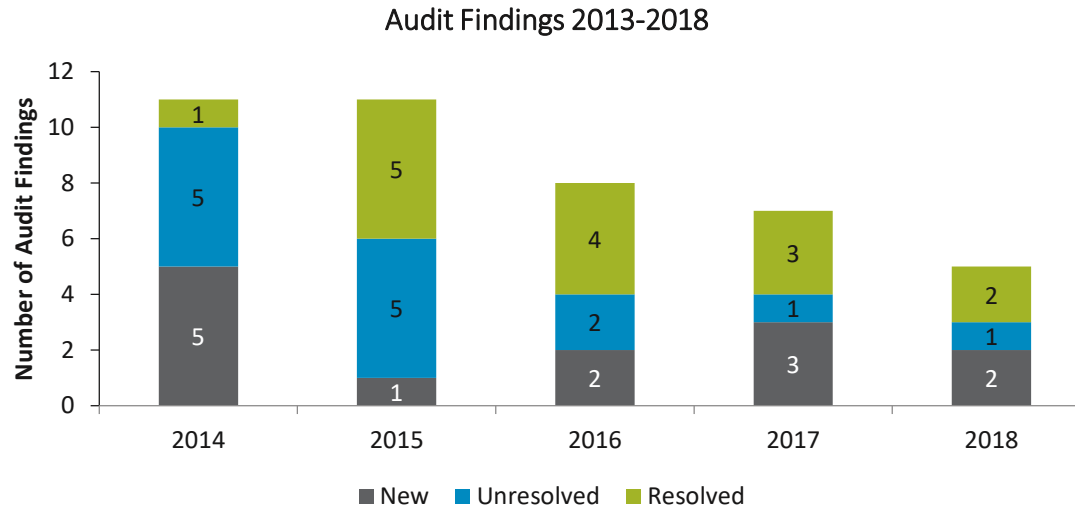
Definition:

- In 2016 a Management Services Survey revealed Property Services had rated in the neutral to disagree range pertaining to the question "Property Services supports our department effectively." Since then, steps have been taken to improve communications with departments, ensuring that if a department request was not feasible, rationale and options are provided. In addition, Property Services has sought feedback through outreach, facility tours and in person mock-ups soliciting department and employee evaluation. The Management Survey has since been discontinued. Property Services will continue to make accommodations when possible and improve communication 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:

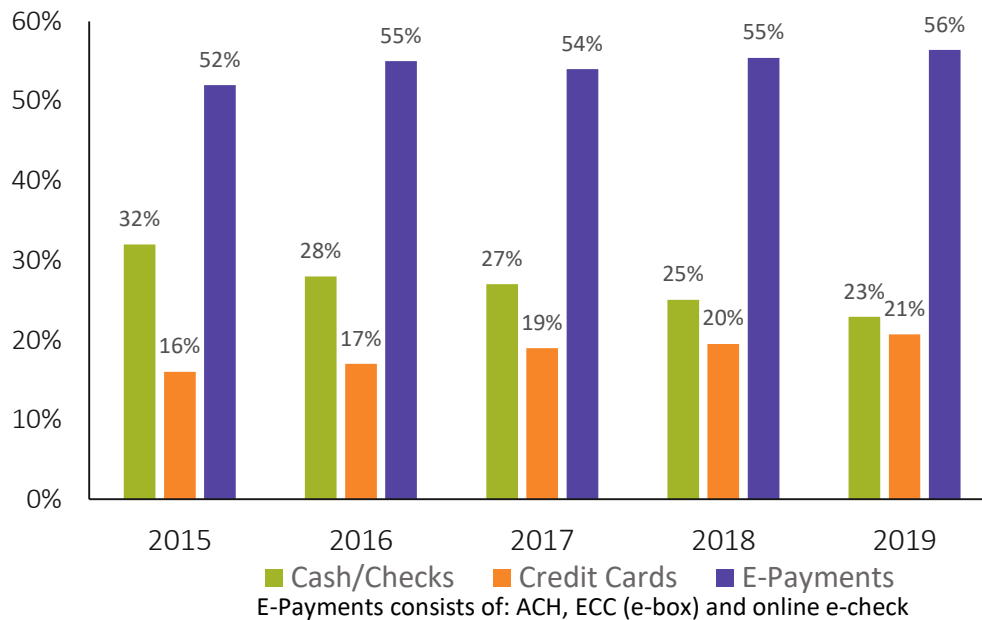
- The City is statutorily required to be audited each year by the Minnesota Office of the State Auditor. The Auditor reviews the City's financial statements, internal controls, grants, and legal compliance requirements through the annual audit process. When the City is found to be deficient in one of 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 2018 audit, performed in early 2019, there was one returning audit finding, two new findings, and two 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

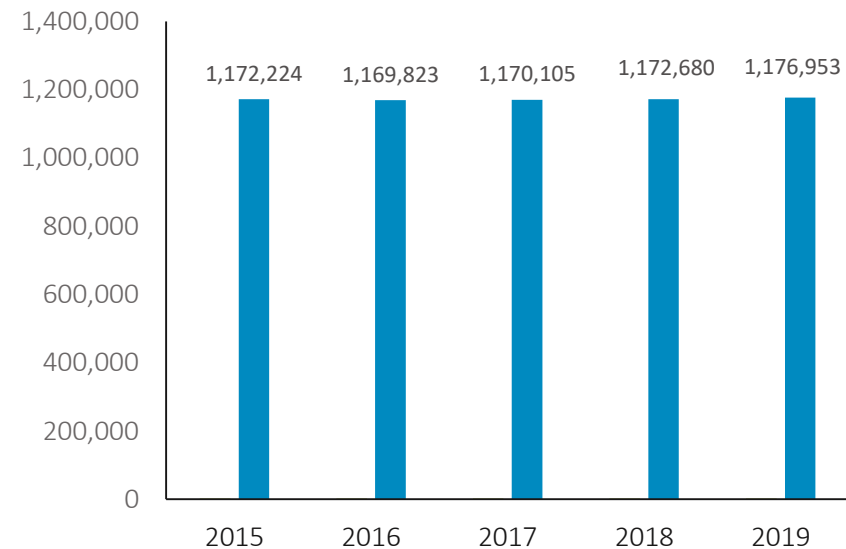
Percent of Utility Billing Transactions by Payment Type



Definition:

- The percent paid electronically which comprise of credit cards, e-check, ACH & ECC (E-BOX) has increased from 59% in 2012 to 77% in 2019.

Number of Utility bills per year



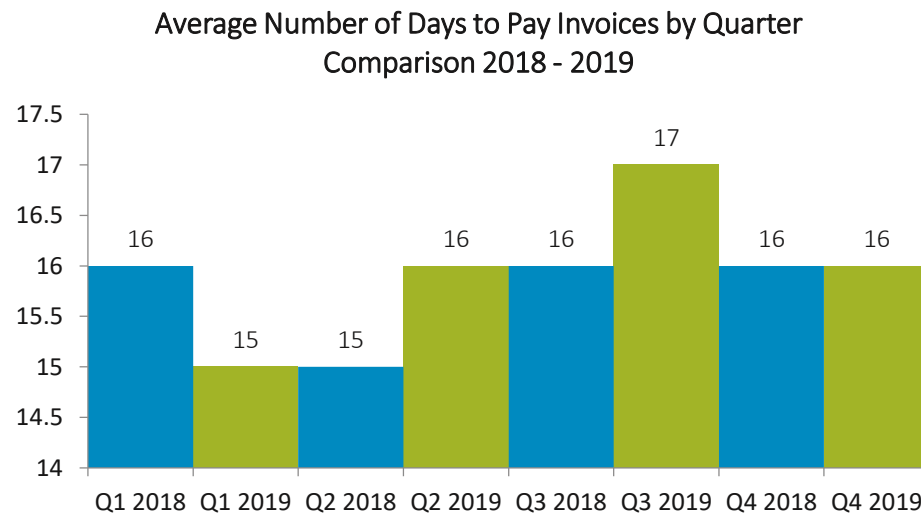
Definition:

- Approximately 98k utility invoices are generated on a monthly basis which contains charges for water, sanitary sewer, solid waste and stormwater. Around 35% 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 across all of 2019: **15.91***

Definition:

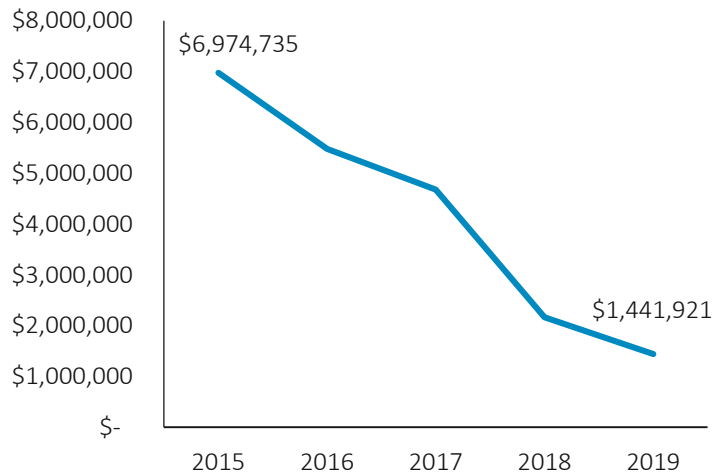
- The average number of days to pay invoices is calculated by taking the invoice payment date minus the date that we received the invoice. From the day that we receive an invoice from our vendors, we are making the payment within an average of 16 days. This calculation weighs the two types of payment terms; Due Now and Net 30. The average for Due Now payments was 7.88 days and the average for Net 30 payments was 22.14 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



Workers' Compensation Claims						
Year	Submitted	Denied	Approved	Medical Only	Indemnity	Claim Cost**
2019	412	26	386	280	132	\$ 1,441,921
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

* Indemnity includes lost time.
 * This chart does not include settlements.
 ** 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:

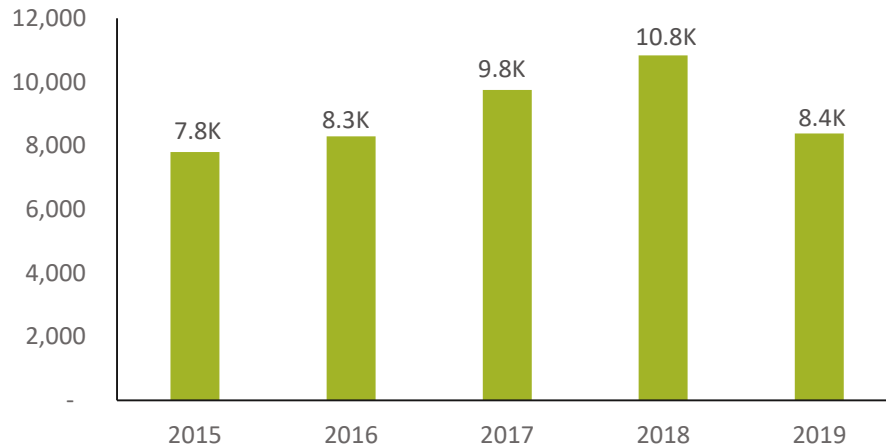
- In 2018 the City launched a renewed light duty and return to work initiative to assist employees and to manage costs. Loss control efforts are added in areas in which claims indicate additional resources or training are needed.

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 City departments to efficiently and accurately pay 5,000 to 7,000 City employees bi-weekly (the number of City employees on the payroll fluctuates throughout the year). Through this program the City also processes payroll deductions and the subsequent payments for federal and state taxes, various benefit-related payments such as health and dental premiums, and voluntarily enrolled programs including deferred compensation, flex spending accounts, and 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 decreased nearly 23% from 2018 to 2019 due to a stable workforce and not needing to hire staff to cover elections in 2019.

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	2019
Number of visits to budget website	Not Available	4,148	4,579	5,995	10,455
Number of visits to transparency website	2,956	1,901	1,651	1,231	3,474
Total	2,956*	6,049	6,230	7,266	13,929

Definition:

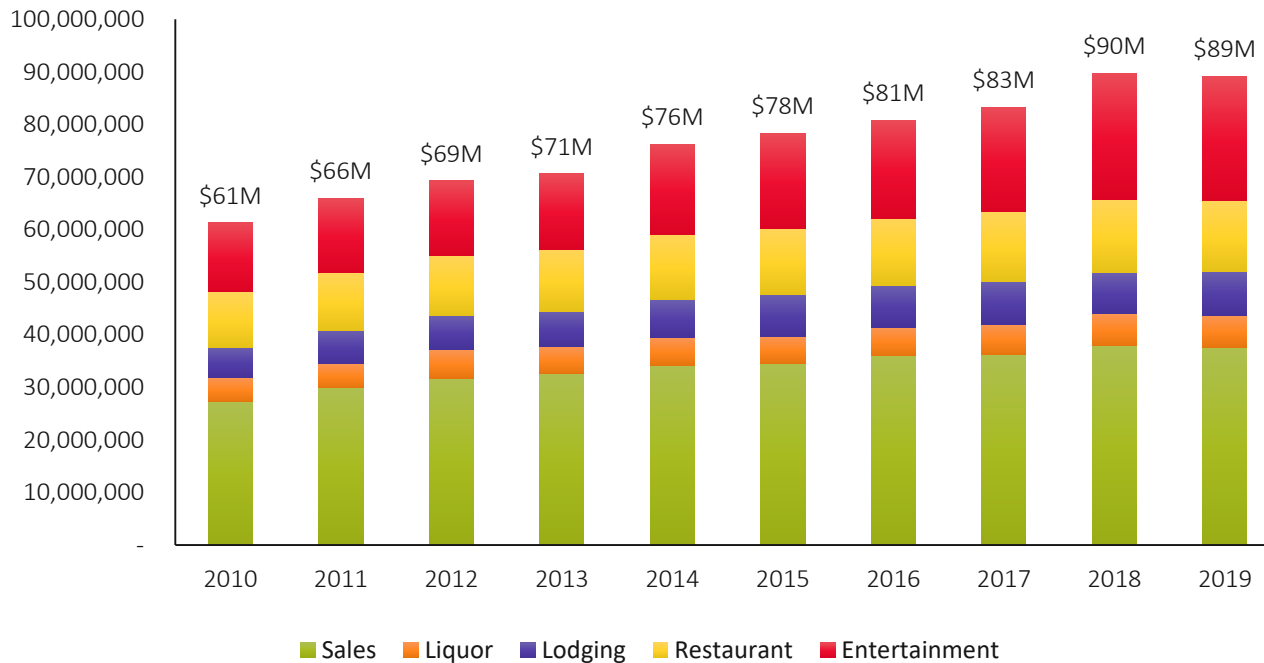
The City uses its budget website and financial transparency website as a way to provide information to the public on how the City's resources are allocated, and ultimately spent. The numbers above show how many unique visitors have viewed each of these sites in a given period. Visits to the sites from City computers are not included. Though this metric does not 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

Historical City Sales Tax Revenue



Definition:

- The City collects five different local sales taxes including a 0.5% general sales tax, a 3.0% lodging tax for hotels with more than 50 rooms, a 3.0% entertainment tax, a 3.0% liquor tax in the downtown area, and a 3.0% 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 and Debt Management

Program Description: This program oversees and manages the City's investments to provide the best return on financial assets and is responsible for managing the city's debt including planning for and facilitating issuance of City bond issues, managing debt service payments, performing continuing disclosure and reporting on bonds and tracking the use of bond authority.

Performance Measures

Rating Agency	2016	2017	2018	2019
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 pays 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.

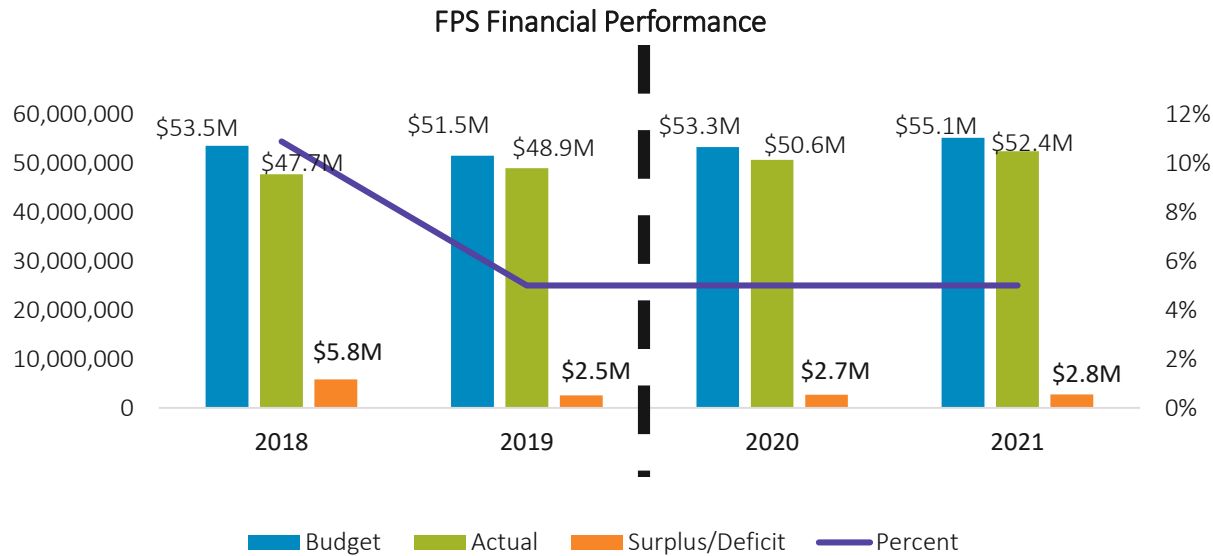
Investment Diversity	2016	2017	2018	2019
Number of banks/firms investing City cash	4	4	12	12

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 placed investments with hundreds of small banks across the US. This metric has improved the overall performance of the portfolio by diversification of investment products 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. For 2019, the City performed an RFP for outside investment managers and replaced two managers by hiring a majority female owned firm and a local minority owned firm as well as expanding internal management of investments.

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, as well as 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.