2015 BUDGET PROCESS

Coordinating Committee Meeting
Wednesday, May 14, 2014

Proudly Serving

Excelsior

Greenwood

Shorewood

Tonka Bay

- Launch Formal Process

- Timetable for Completion

- What's on the Radar Screen

BUDGET PROCESS

2015

STARTING LINE

Annual Financial Audit

- For staff, the first quarter of 2014 marked the start of the 2015 budget process.

- This was when the annual audit was conducted for the 2013 fiscal year.

- This independent analysis of the department's fiscal affairs is an invaluable part of the budget process.

- Not only does it establish the financial health of the organization, but it identifies areas to focus on moving forward.

- It also promotes a constructive dialogue leading into the next budget cycle.

POLITICAL PROCESS
TENTATIVE TIMETABLE

SLMPD Coordinating Committee: *Member City Mayors*

- ✓ **Quarterly Meeting:** May 14, 2014 (Wednesday) – 5:30 p.m.
  Preliminary budget considerations and discussion.

- ✓ **Work Session:** June 18, 2014 (Wednesday) – 5:30 p.m.
  Initial budget proposal, feedback and direction.

- ✓ **Work Session:** June 25, 2014 (Wednesday) – 5:30 p.m.
  Further budget discussion, refinement and direction.

- ✓ **Quarterly Meeting:** July 16, 2014 (Wednesday) – 5:30 p.m.
  Budget recommendation forwarded to member city councils.

Member Cities: *Excelsior, Greenwood, Shorewood and Tonka Bay*

- ✓ **Council Meetings:** August 2014
  Member city councils have until September 1, 2014 to approve the recommended budget.

Default Provision

- ✓ **Joint Powers Agreement – Fourth Amendment**
  Applies absent unanimous agreement on the recommended budget by the member city councils.

Tracking Budget Process Online

Tracking the process and viewing documents has never been easier:

1) Go to www.southlakepd.com

2) Click on the following link

2015 Budget Process

click to follow the process

South Lake Minnetonka Police Department

2015 Budget Process

What's on the Radar Screen?

- Not unlike other service-based organizations, payroll constitutes the majority of operating expenses for the department.

- Payroll includes the following expense items:

  - Salaries

  - Federal Payroll Taxes (Social Security and Medicare)

  - Pension Contributions (Minnesota Public Employee Retirement Association)

  - Health and Supplemental Insurance Benefits

Employee Salaries

Union and Non-Union Personnel

2.5% Increase
Cost of Living Adjustment

Also factoring into the equation in terms of additional compensation are step increases within-grade; longevity, educational and fitness incentives; rank and special assignments; and adjustments based on market trends and job responsibilities.

Federal Payroll Taxes

FICA (Federal Insurance Contributions Act)

Employer Rate 6.2%

2015

Employer Rate 1.45%

Mandatory employer contributions on behalf of eligible employees are calculated based on the rates set by the federal government and salaries of employees.

Although rates are expected to remain the same, approved salary increases for 2015 will have a ripple effect on employer contributions.

Minnesota State Pension Plans
Public Employees Retirement Association

Police and Fire Plan

Employer Rate 16.2%
(0.9% Increase)

2015

Coordinated Plan

Employer Rate 7.5%
(0.25% Increase)

Mandatory employer contributions on behalf of eligible employees are calculated based on the rates set by the state and salaries of employees.

Both plans have mandated employer and employee rate increases for 2015. Additionally, approved salary increases for 2015 will have a ripple effect on employer contributions.

Public Employees Retirement Association
Police and Fire Plan – Contribution Rates

Historical Chart – 2005 to 2015

Date	Employee	Employer	Total Rate
January 1, 2005	6.20%	9.30%	15.50%
January 1, 2006	7.00%	10.50%	17.50%
January 1, 2007	7.80%	11.70%	19.50%
January 1, 2008	8.60%	12.90%	21.50%
January 1, 2009	9.40%	14.10%	23.50%
January 1, 2010	9.40%	14.10%	23.50%
January 1, 2011	9.60%	14.40%	24.00%
January 1, 2012	9.60%	14.40%	24.00%
January 1, 2013	9.60%	14.40%	24.00%
January 1, 2014	10.20%	15.30%	25.50%
January 1, 2015	10.80%	16.20%	27.00%

Health Insurance Benefits
Cost Containment Measures

- Employer sponsored wellness program in which eligible employees can receive incentive pay for meeting fitness/weight standards.

- Employees prohibited from using tobacco products while on-duty as a condition of employment resulting in lower workers compensation rates.

- Educated employees and worked with the union to make high deductible health savings account more appealing.

Health Insurance Benefits
Cost Containment Measures

- Held the line on employer provided health insurance benefits since premiums took a sharp decline in 2012.

- Negotiated new labor agreement with the union (2014-2015) that contains no increase in the employer contribution toward health insurance benefits.

- Also applies to those non-union employees who receive the same employer contribution toward health insurance benefits as union employees.

BUDGET REVENUES

A CLOSER LOOK

STATE POLICE OFFICER AID

- □ State Police Officer Aid helps subsidize police pension costs for local governments.

- □ It represents the largest revenue item for the SLMPD other than member city contributions.

- □ Amounts are determined in late-September and paid by October 1 each year.

- □ This state aid program is funded through a dedicated tax on automobile insurance premiums.

Employer Contribution → **Minnesota Public Employees Retirement Association**
Police and Fire Plan

← **State Police Officer Aid** **State of Minnesota**
Department of Revenue

STATE POLICE OFFICER AID

- Prior to 2008, this annual appropriation from the state offset what the SLMPD contributed toward police officer pensions the previous year.

- Since then, the amount of state aid received has fallen well short of what the SLMPD contributes toward police pensions.

- In response, the SLMPD has been reducing its reliance on this funding source to support operations putting a greater financial responsibility on member cities.

- The state aid payment received in 2013 was the first time in five years that the amount not only equaled, but exceeded the amount budgeted under revenue.

- Nevertheless, the amount was still well short of what the SLMPD contributed toward police pensions.

- The state aid payment of $97,719 received in 2013 was $65,546 less than the $163,265 the SLMPD contributed toward police pensions in 2012.

South Lake Minnetonka Police Department
State Police (Peace) Officer Aid

Legend: Budgeted Amount, PERA Contribution, State Aid Received
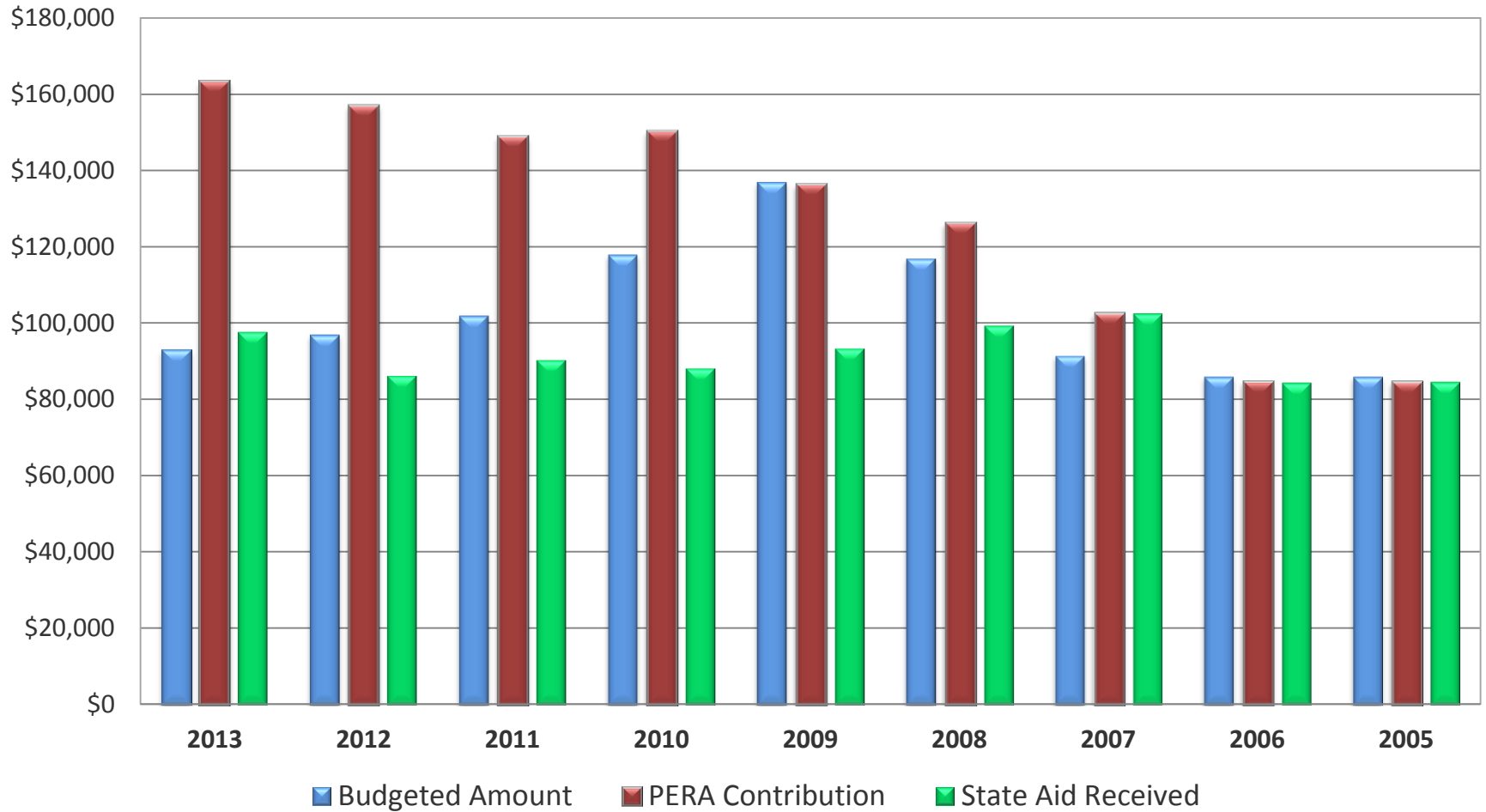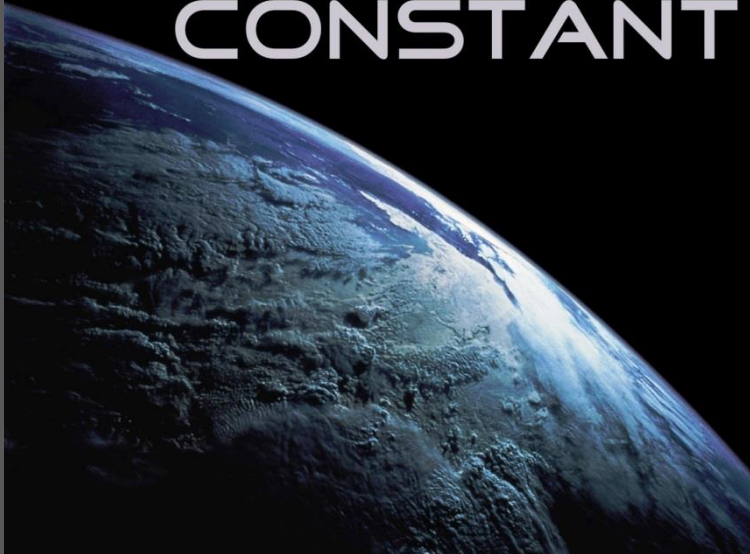
TECHNOLOGY

FUNDING TECHNOLOGY

❑ The SLMPD has been addressing its technology needs through operating budget transfers, outside sources of funding, forfeiture proceeds and transfers of surplus revenues.

❑ The need for funding is ever-increasing as the role of technology in law enforcement becomes more and more relevant in daily operations.

❑ There needs to be an expanded emphasis on technology in future budgets with less of a reliance on forfeiture proceeds and transfers of surplus revenues.

❑ Until this takes place, the SLMPD will need to continue its practice of using available forfeiture proceeds and surplus revenues to supplement the technology fund.

❑ Such an opportunity currently exists with the completion of the 2013 audit, which reflects an unassigned fund balance available in the general fund to support a number of pending technology projects.

❑ It is not a prudent financial practice to apply the unassigned fund balance towards future operating expenses, being this is not sustainable over time and will adversely impact future budget years when this amount is depleted and needs to be replenished.

Recently Completed Technology Project
LETG – Records Management System

Transition Period

– The SLMPD transitioned to a new records management system in the fall of 2012.

– Prior to this time, the SLMPD had been limping along with an obsolete records management system that was acquired back in 1999.

– The vendor selected was the Law Enforcement Technology Group (LETG) based out of Woodbury, Minnesota.

– The decision was based on price, features, expandability, ongoing support and current and future users of the system.

– The SLMPD went live with the new system on December 5, 2012 as depicted in the next slide.

LETG

Innovative Solutions for Public Safety

Recently Completed Technology Project
800 MHz Radios

Communications

Hennepin County Sheriff's Communication Division provides at no cost enhanced 911 dispatch service for the following police departments.

The South Lake Minnetonka Police Department (SLMPD) is one of these agencies.

Brooklyn Park Police Department

Brooklyn Center Police Department

Champlin Police Department

Corcoran Police Department

Crystal Police Department

Dayton Police Department

Deephaven Police Department

Hopkins Police Department

Maple Grove Police Department

Medina Police Department

Minnetrista Police Department

New Hope Police Department

Orono Police Department

Osseo Police Department

Plymouth Police Department

Robbinsdale Police Department

Rogers Police Department

**South Lake Minnetonka Police Department**

St. Anthony Police Department

Three Rivers Park District Police

Wayzata Police Department

West Hennepin Public Safety Department

5600 – South Lake Minnetonka Police Department
Hennepin County Computer Aided Dispatch (CAD)
CAD Events – Years 2013 to 2008

Year	CAD Events
2013	13,219
2012	14,374
2011	14,666
2010	13,949
2009	13,122
2008	13,706
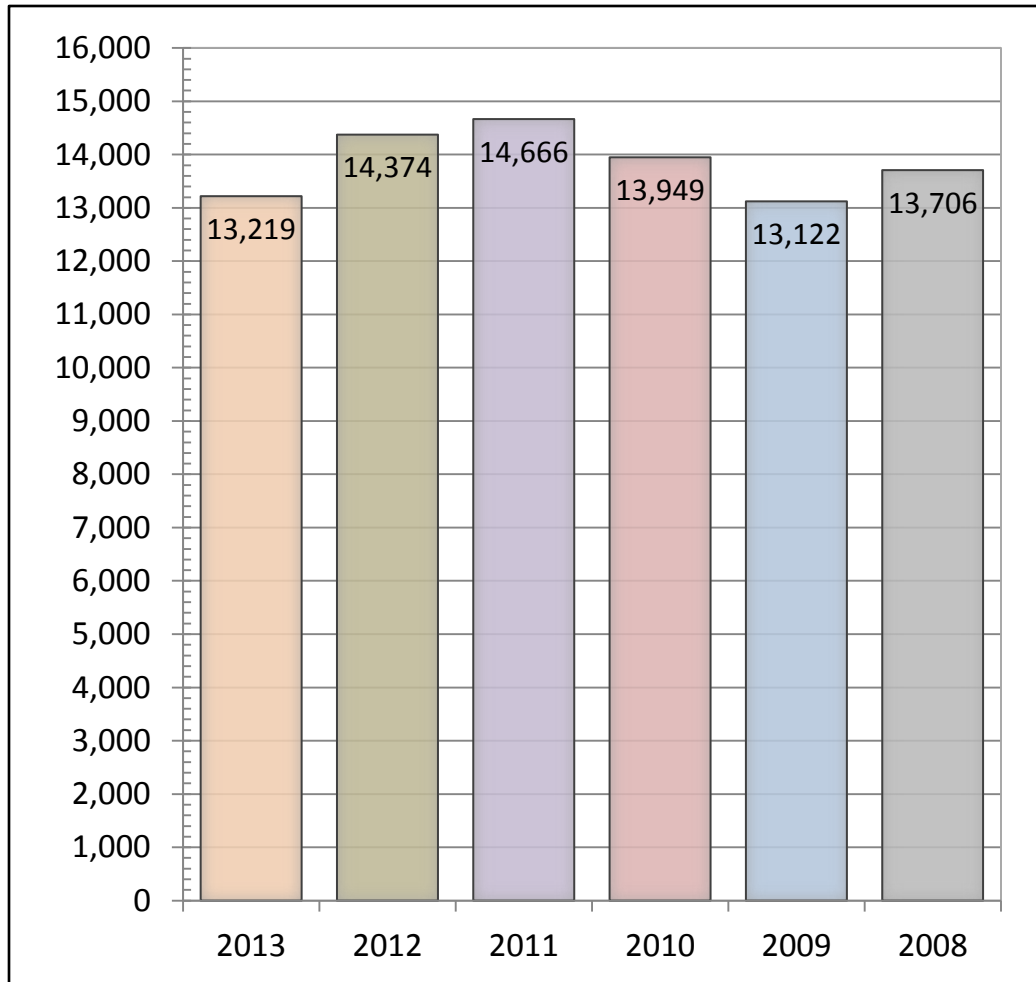
Data Source – Hennepin County Sheriff's Office

Recently Completed Technology Project
800 MHz Radios

Equipment

– Subscriber agencies like the SLMPD are responsible for acquiring the equipment needed to be part of the system.

– This includes the mobile radios for the vehicle fleet and the portable radios carried by officers in the field.

– The Sheriff's Communication Division supports and maintains this equipment for a monthly fee.

Recently Completed Technology Project
800 MHz Radios – Fall 2013

800 MHz Mobile and Portable Radios

– It was projected that the radio equipment acquired when the county transitioned to 800 MHz would need to be replaced in 2009.

– As the time neared, the Sheriff's Communication Division agreed to continue maintaining the equipment as long as parts were available and the aging radios were still being supported by the manufacturer.

– This enabled the SLMPD to squeeze several more years of life out of its radios before needing to replace them in the fall of 2013.

– Absorbing this considerable cost was lessened by Hennepin County offering an interest free lease to own program for purchasing the new radios.

– The SLMPD took advantage of this program and has been able to preserve some much needed capital at no additional expense.

– Nevertheless, it will be several more years before this additional cost is fully realized in the operating budget as part of the annual transfer made to the technology fund.

Pending Technology Project
Phone System

Current Phone System

– Shared technology with the Excelsior Fire District (EFD) as part of equipping the new public safety facility in 2003.

– Buy back credit given for phone system in previous police station.

– Phone system no longer upgradable and/or supported.

Action Plan – New Phone System

– Shared cost with the EFD.

– Replace with Mitel 5000 Digital/IP Phone System which features the latest technology while still allowing the use of existing phones.

– Preliminary estimate for hardware, software and installation: $10,000 – $12,000.

Mitel Telephone Systems
Feature rich technology, saving your business time & money

Pending Technology Project
Network Server

Current Network Server

Microsoft Windows Server 2003

– Technology included on the police side as part of equipping the new public safety facility in 2003.

– Antiquated hardware that is increasingly vulnerable to failure.

– Windows Server 2003 operating system no longer supported as of July 2015.

Recommendation - New Network Server

Windows Server 2012

– Replace network server in order to maintain a functional and secure system on the police side.

– Upgrade hardware and operating system using Windows Server 2012 and Exchange Server 2013.

– Preliminary estimate for hardware, software and installation: $17,000 – $20,000.

Pending Technology Project
Audio/Visual Recording Equipment

Notation

– Since the Scales decision in 1994, the Minnesota Supreme Court has required law enforcement officers to electronically record all custodial interrogations when feasible.

– It is imperative, therefore, that the interview rooms and detention area on the police side of the public safety facility be equipped with top-notch audio/visual recording equipment.

– Not only is this necessary to comply with the aforementioned legal requirement, but having the ability to take high quality recorded statements from victims, witnesses and suspects can greatly enhance the probability of a conviction.

Pending Technology Project
## Audio/Visual Recording Equipment

Current Equipment

Technology included on the police side as part of equipping the new public safety facility in 2003.

– Audio/visual recording equipment in interview rooms and detention area is outdated, prone to malfunctions and difficult to get serviced.

– Stopgap measures to keep the equipment operational have becoming increasingly difficult.

Action Plan – Total Overhaul

– Improvements needed to maintain the functionality and integrity of the system.

– Replace with state-of-the-art digital audio/visual recording equipment that can meet the high forensic standards required in court.

– Preliminary estimate for hardware, software, installation and training: $15,000 – $20,000 depending on the system.
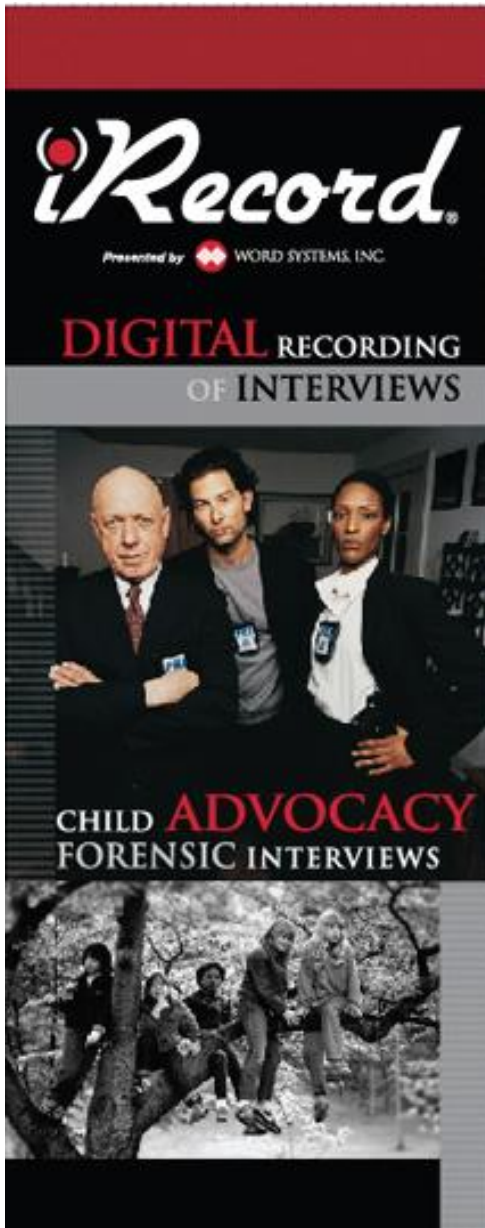
iRecord is a digital content creation, management and broadcast architecture that is SIMPLE to use, SECURE and based on OPEN STANDARDS.

Digital Recording Systems
Interview Rooms

Top 10 iRecord Features

- Simple, ONE-TOUCH Digital Audio/Video Recorder

- INDEX entire interview with SEARCHABLE notes

- Secure EVIDENCE VAULT server stores multiple years online

- META Data tracking (case number, detective, suspect, etc...)

- FREEZE FRAME any portion of video for single BITMAP file export

- "AUTO-DVD Multi-Span" that makes SETS of DVDs for recordings over 2 hours

- EXPORT interviews to DVD (for TV and/or PC), CD, VHS or WEB

- Auto create TRANSCRIPTION ready DVD/CD w/foot pedal support

- LIVE MONITOR/search historical interviews from any PC on LAN

- Remote Interview earpiece and COVERT cueing system

Pending Technology Project
Access Control/Security System

Current Access Control and Security Management System

– Technology included on the police side as part of equipping the new public safety facility in 2003.

– Aging proximity readers at access points (doors) are prone to failure.

– C-Cure 800 software installed more than a decade ago.

Action Plan – Update Access Control and Security Management System

– Improvements needed to maintain the functionality and integrity of the system.

– Upgrade to C-Cure 9000 software and expand capabilities by adding a laminate printer for making identification cards.

– Preliminary estimate for hardware, software, installation and training: $12,000 – $15,000 depending on the system.

tyco
SimplexGrinnell

SOFTWARE HOUSE
From Tyco Security Products
C-Cure 9000 Series

Pending Technology Project
Closed-Circuit Video Surveillance/Monitoring

Current System

– Technology included as part of equipping the new public safety facility in 2003.

– Closed circuit video surveillance of exterior/interior locations of the building and monitoring of detention area.

– Cameras and monitors obsolete and failing.   Video recorder not functioning properly.

Action Plan – Total Overhaul

– Evaluate and upgrade system to acceptable level.

– Replace monitors with flat panel monitors with split screen capability.

– Preliminary estimate pending, but will likely exceed $10,000.

BUDGET WORK SESSION

June 18, 2014 (Wednesday) – 5:30 p.m.