

# 2013 OPERATING BUDGET

Coordinating Committee Meeting

Wednesday - July 18, 2012

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Expenses



Revenues



## 2013 BUDGET PROCESS Timetable



- Timetable being followed by the Coordinating Committee for the 2013 budget process.
  - **May 9, 2012 (Wednesday) – 5:30 p.m. - COMPLETED**  
Quarterly Meeting – Preliminary Budget Considerations
  - **June 20, 2012 (Wednesday) – 4:30 p.m. – COMPLETED**  
Budget Work Session – Staff Budget Presentation, Discussion and Feedback
  - **July 18, 2012 (Wednesday) – 5:30 p.m.**  
Quarterly Meeting – Budget Recommendation Forwarded to City Councils
- Excelsior, Greenwood, Shorewood and Tonka Bay City Councils have until September 1, 2012 to approve the recommended budget.
- Interested parties can track the budget process on the SLMPD web site at [www.southlakepd.com](http://www.southlakepd.com).

# 2013 OPERATING BUDGET

## Financial Position



- Entering the 2013 budget process in a fiscally sound position is no coincidence.
- It reflects prudent strategies and practices by the SLMPD financial team with direction and support from the Coordinating Committee.
- This effort has been bolstered by applying operating budget surpluses to capital needs to shore up special funds with declining balances.
- Unanticipated personnel vacancies have generally been the impetus behind operating budget surpluses.
- The time it takes to fill the position, coupled with the new employee starting at a lower rate, results in a temporary reduction in payroll and other related expenses.

# 2013 OPERATING BUDGET

## Financial Position



- Revisions to the operating budget after being adopted has also been beneficial.
- This occurs when pending expenses at the time the budget is prepared are not fully realized and can be applied to other underfunded expense categories.
- The 2012 budget is the most recent example. After the budget was approved, a more favorable labor agreement than anticipated was negotiated and implementation of a new records management system was deferred until 2013.
- These savings were applied to two underfunded expense categories raising their respective baselines to more appropriate levels for 2013.

# 2013 OPERATING BUDGET

## Current Proposal



- The current proposal before the Coordinating Committee is a culmination of what has transpired during the budget process to date.
- Preliminary budget considerations were discussed at the Coordinating Committee Meeting held on May 9, 2012.
- These were incorporated into an initial budget proposal prepared by staff and presented at the Coordinating Committee Work Session held on June 20, 2012.
- The work session presentation was well received and there was no dissension with the preliminary budget proposal.
- It was recognized that the majority of increases relating to expenses are either market driven (utilities and motor fuels) or the result of previously approved actions by the Coordinating Committee (labor agreements and technology).

# 2013 OPERATING BUDGET

## Current Proposal



- It was further noted that declining state aid continues to be a factor, even though the reliance placed on this revenue to support operations has been scaled back in recent years.
- Nevertheless, the burden for making up this loss revenue falls on the member cities.
- These and other topics were addressed in the comprehensive PowerPoint presentation incorporated into the work session.
- The current proposal is a refined and more detailed version of the work session proposal.
- It is intended to provide a workable budget for 2013 that sustains current operations while addressing future needs.

# 2013 OPERATING BUDGET Funding Formula



- In accordance with the 2006 arbitration ruling, the funding formula used to determine each member city's percentage contribution toward operations was reset in 2012 and is not subject to change again until 2017.
- This means the revised percentages first applied to the 2012 operating budget carry over to the 2013 operating budget without being affected by a formula change.
- This makes for a smoother budget process when the overall percentage increase to the member cities is also the same for each individual city.





# 2013 OPERATING BUDGET PROPOSAL

## Contributions from Member Cities

### Reallocation Formula (2012-2016)



MEMBER CITY	TOTAL AMOUNT	% SHARE	\$ SHARE	\$ INCREASE OVER 2012
Excelsior	\$2,089,200	28.0532%	\$586,087	\$15,008
Greenwood	\$2,089,200	8.4747%	\$177,053	\$4,534
Shorewood	\$2,089,200	48.4887%	\$1,013,027	\$25,942
Tonka Bay	\$2,089,200	14.9834%	\$313,033	\$8,016

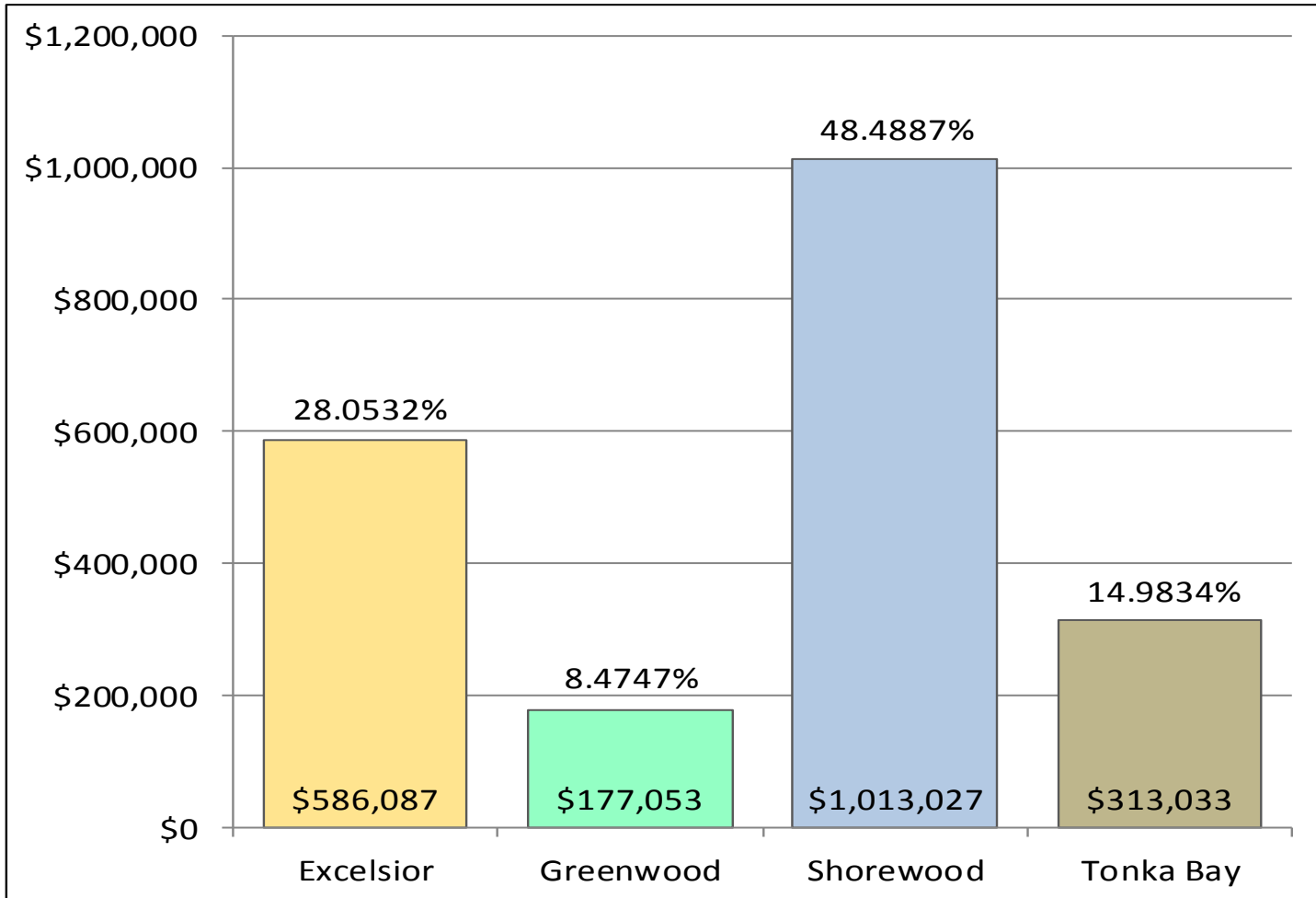
<b>2013 Total Contributions from Member Cities</b>	<b>\$2,089,200</b>	
<b>2012 Total Contributions from Member Cities</b>	<b>\$2,035,700</b>	
<p>The funding formula used to determine each member city's percentage contribution toward the operating budget is based on an arbitration ruling in 2006. Every five years the funding formula is subject to adjustment based on the criteria set forth in this ruling. The 2012 operating budget was the first time since the ruling took effect that the funding formula was subject to adjustment. An administrators group established by the Coordinating Committee worked on the reallocation formula that was subsequently sanctioned by the member cities and incorporated into the 2012 operating budget. The reset funding formula is not subject to change again until 2017.</p>		
<b>Dollar Increase Over 2012</b>	<b>\$53,500</b>	
<b>Percentage Increase Over 2012</b>	<b>2.6%</b>	





# Contributions from Member Cities – Year 2013 Reallocation Formula (2012-2016)

**Total Amount - \$2,089,200**



# 2013 OPERATING BUDGET

## Command Staff Restructuring



- Being considered as part of the 2013 budget process is a restructuring of the command staff to better delineate the chain-of-command, levels of authority and expanded responsibilities.
- The framework for such a change was discussed at the budget work session as part of the PowerPoint presentation.
- This continues to be a work in progress and if implemented, would not take effect until January 1, 2013.
- Any financial implications would be accommodated within the current budget proposal.
- The goal is to complete the study and have a recommended course of action for the Coordinating Committee to consider at its meeting scheduled for November 14, 2012.

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

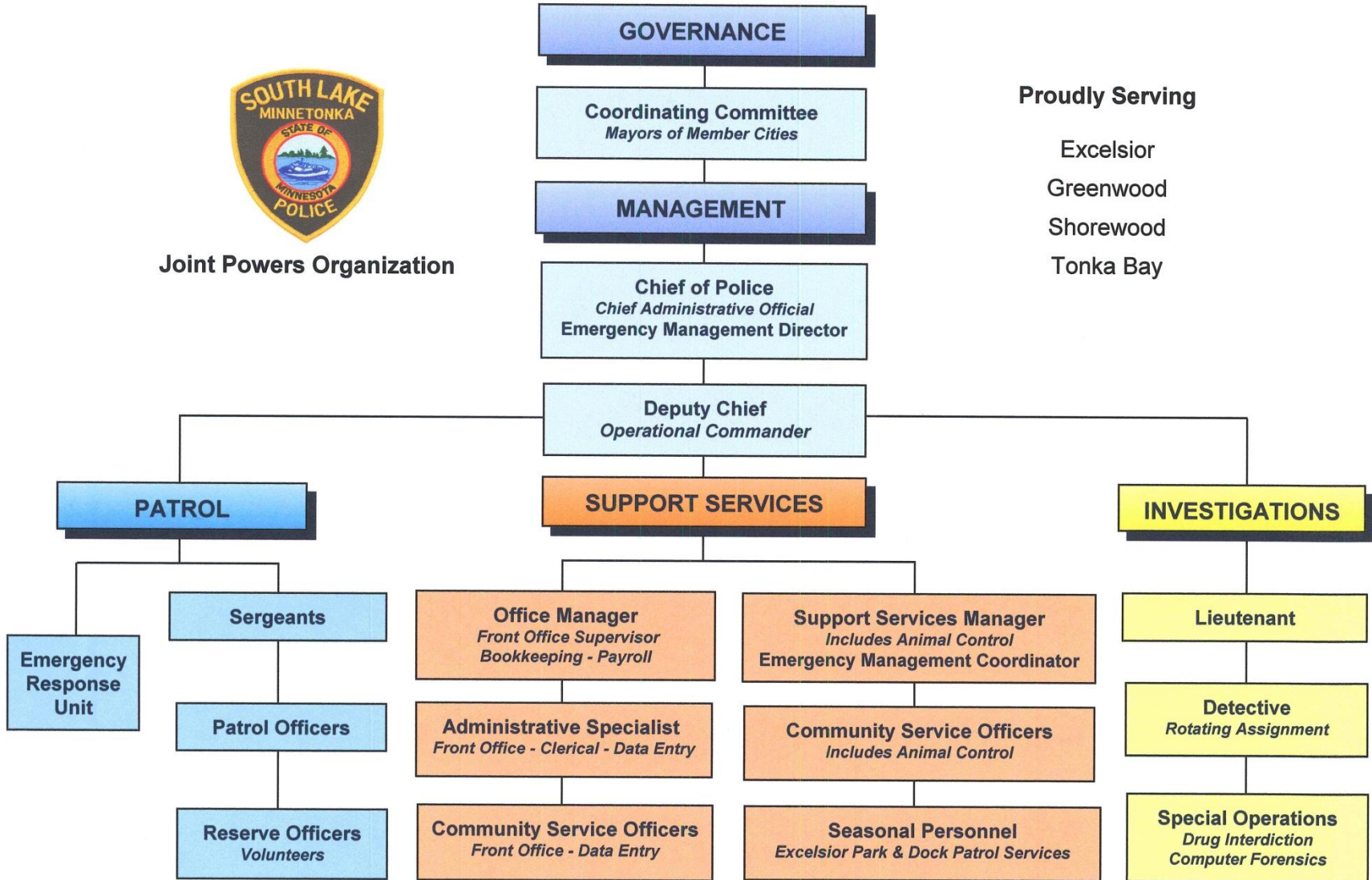
## Pending Organizational Chart - June 2012



Joint Powers Organization

Proudly Serving

- Excelsior
- Greenwood
- Shorewood
- Tonka Bay



# 2013 OPERATING BUDGET

## Strategic Planning



- More than four years have elapsed since the SLMPD last conducted a comprehensive strategic planning process.
- Nevertheless, it is important not to lose sight of the findings and recommendations contained in the Strategic Action Plan dated May 11, 2008.
- This roadmap for the future is still posted on the SLMPD web site and serves as a good reminder of the unfinished business waiting to be addressed once economic conditions improve.
- One of the key recommendations was increasing the current complement of police officers employed by the SLMPD.
- This conclusion was reached after determining that the redeployment of existing personnel was not a viable option; that there was clear and convincing data to support adding more police officers; and that officer safety was being compromised at present staffing levels.

# 2013 OPERATING BUDGET

## Strategic Planning



- Doing more with less can only stretch so far before core operations and safety become compromised.
- The SLMPD has been on this threshold for a number of years and this critical staffing issue still persists.
- This also continues to be a concern among the rank and file when asked what they would like to see changed about their working conditions.
- Attempts have been made in recent years to secure a COPS grant to help phase-in additional police officers, but competition has been immense for the limited amount of money available through this federally funded program.
- The vast majority of applicants have not received funding, with the SLMPD being among this group. This is no reflection on the need, but rather, demand far exceeding the available funding.

# SLMPD Partnership Expansion Possibilities



- A new strategic initiative being explored is the possible expansion of the SLMPD partnership.
- This initiative is being guided at the Coordinating Committee level with staff support.
- This only makes sense if the present policing arrangement is strengthened not weakened through an expansion opportunity.
- Both operational and financial considerations need to be taken into account to determine if there is enough of a benefit to all parties involved.
- This evolving process will take time to research and develop before the pros and cons can be properly evaluated. Therefore, it is not included as part of the 2013 operating budget proposal.

# 2013 OPERATING BUDGET Proposed Motion



Staff is recommending that the Coordinating Committee adopt the motion below supporting the current budget proposal for 2013.

## **Proposed Motion:**

Motion to accept the 2013 Operating Budget Proposal as presented at the Coordinating Committee Meeting on July 18, 2012. Further, that this budget proposal be forwarded to the member City Councils with a recommendation for approval by September 1, 2012.