

# **COORDINATING COMMITTEE QUARTERLY MEETING**



**May 9, 2012 – Wednesday**  
**Starting Time 5:30 P.M.**

*Proudly Serving the Cities of Excelsior, Greenwood, Shorewood and Tonka Bay*

# Coordinating Committee Meeting

Wednesday, May 9, 2012

## 2013 OPERATING BUDGET

### Preliminary Considerations



Prepared By – Chief Bryan Litsey

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## VISION STATEMENT

To provide quality policing for the cities of Excelsior, Greenwood, Shorewood and Tonka Bay through visionary leadership, a commitment to excellence and the effective use of available resources.

# The Good

## 2013 OPERATING BUDGET Preliminary Considerations



- Personnel costs relating to salaries, payroll taxes, pensions and health insurance benefits account for the majority of operating expenses.
- **The good news** is that a favorable 2012-2013 labor agreement negotiated with the union representing police officers helps contain these costs over a two-year period.
- Base salary increases are limited to 0.75 percent in 2012 and 1.25 percent in 2013.
- For the first time in years, there is no increase to the employer contribution towards health insurance benefits in 2012 or 2013.
- These provisions also apply to non-union personnel not covered by a separate employment agreement.

# The Bad

## 2013 OPERATING BUDGET Preliminary Considerations



- State police officer aid is the largest revenue source for the SLMPD other than member city contributions.
- 2011 marked the fourth consecutive year in which there has been a shortfall in police officer aid due to a lack of funding at the state level.
- **The bad news** is that this trend is expected to continue in 2012 and beyond.
- To counter this shortfall, the SLMPD has been reducing its reliance on this revenue source to support operations at the expense of the member cities.
- This practice has incrementally closed the gap between actual and budget amounts, although it will take another year or more until parity is achieved.

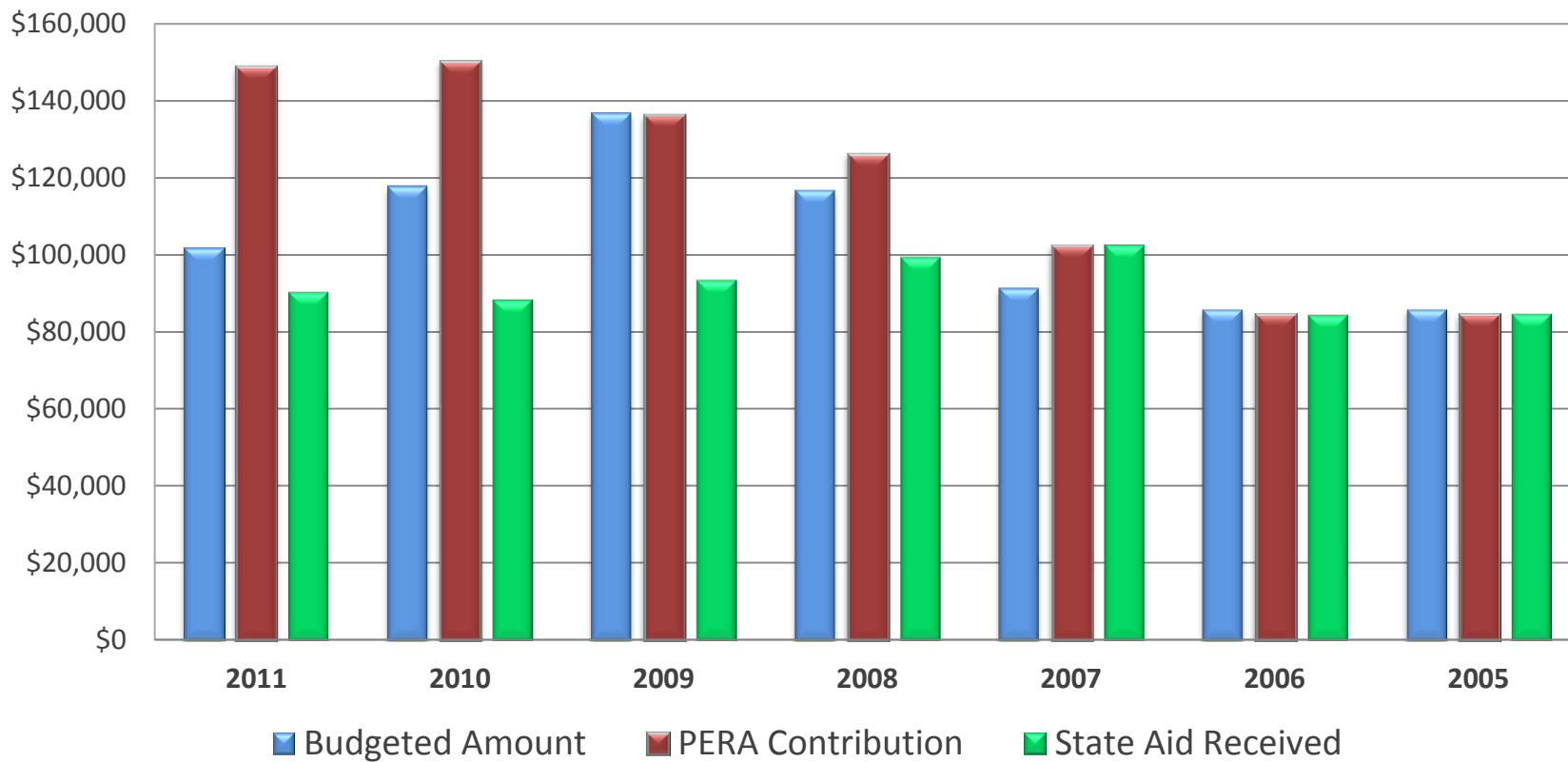
# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## State Police Officer Aid - Revenue Line Item 42100

Calendar	Payment	Budgeted	Payment vs. Budgeted		Base	Actual	Payment vs. PERA Paid	
Year	Received	Amount	\$	%	Year	PERA Paid	\$	%
2012	Pending	\$97,000	Pending	Pending	2011	Pending	Pending	Pending
2011	\$90,358	\$102,000	(\$11,642)	-11.4%	2010	\$148,923	(\$58,565)	-39.3%
2010	\$88,245	\$118,000	(\$29,755)	-25.2%	2009	\$150,268	(\$62,023)	-41.3%
2009	\$93,391	\$137,000	(\$43,609)	-31.8%	2008	\$136,323	(\$42,932)	-31.5%
2008	\$99,355	\$117,000	(\$17,645)	-15.1%	2007	\$126,197	(\$26,842)	-21.3%
2007	\$102,522	\$91,500	\$11,022	12.0%	2006	\$102,522	\$0	0.0%
2006	\$84,373	\$86,000	(\$1,627)	-1.9%	2005	\$84,704	(\$331)	-0.4%
2005	\$84,606	\$86,000	(\$1,394)	-1.6%	2004	\$84,606	\$0	0.0%

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## State Police Officer Aid





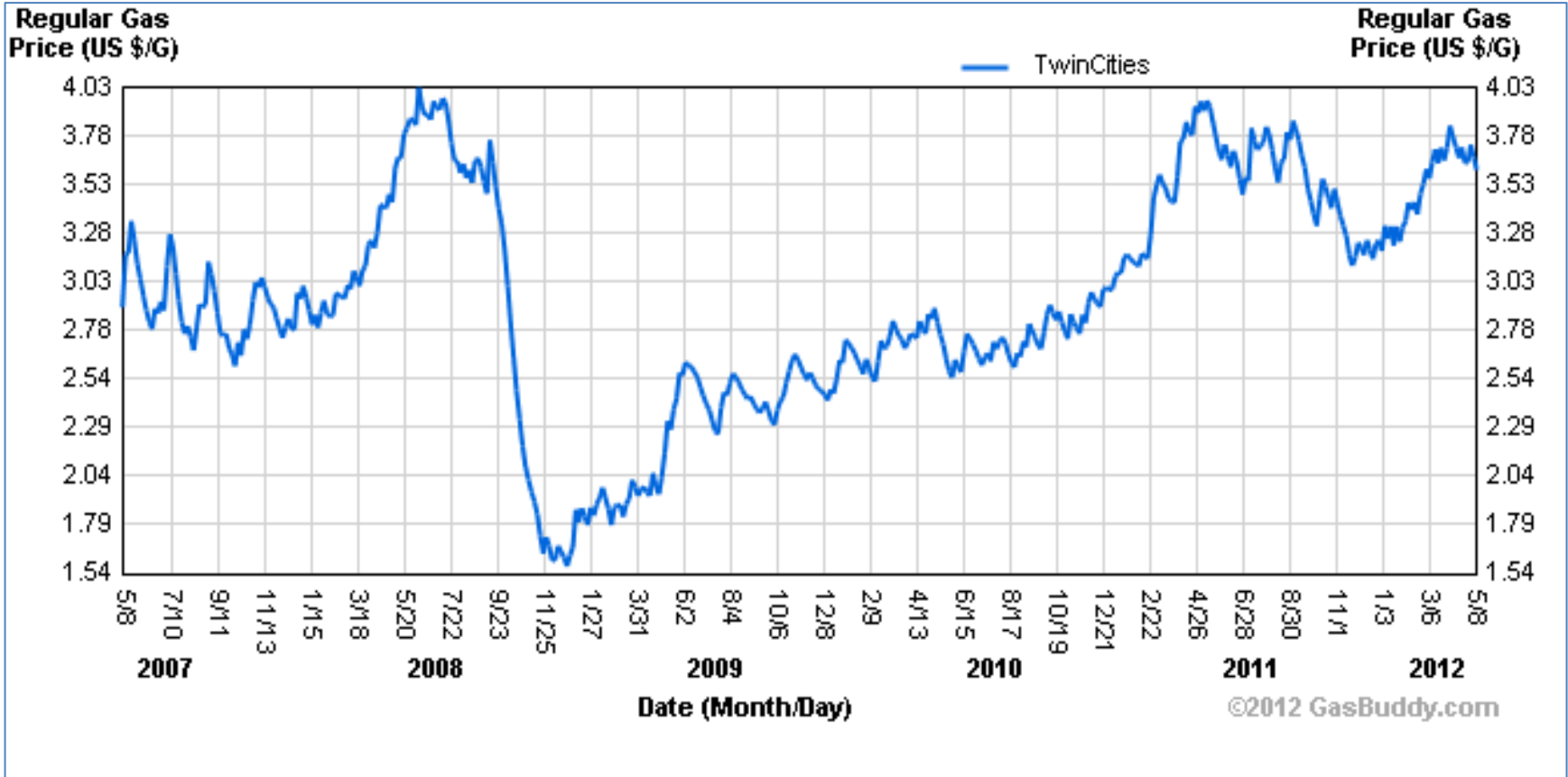
# The Ugly

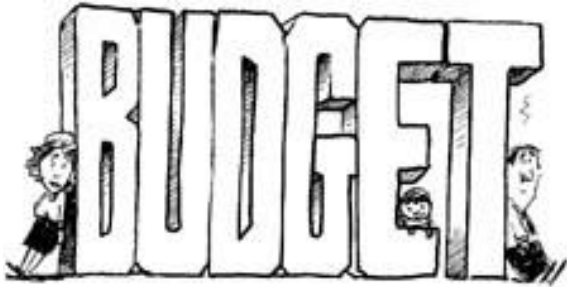
## 2013 OPERATING BUDGET Preliminary Considerations



- The volatility of energy costs in a global market continues to present budget challenges.
- Most significant is the price of gasoline, which neared record highs earlier this year.
- This suggests the outlook **could be ugly** in terms of where gasoline prices are heading.
- The SLMPD vehicle fleet consumes on average over 12,000 gallons of gasoline annually.
- A budget revision in 2011, followed by a budget increase in 2012, helped mitigate this impact.
- This line item expense will need to be increased once again for 2013 in anticipation of gasoline prices averaging \$4.00 per gallon.



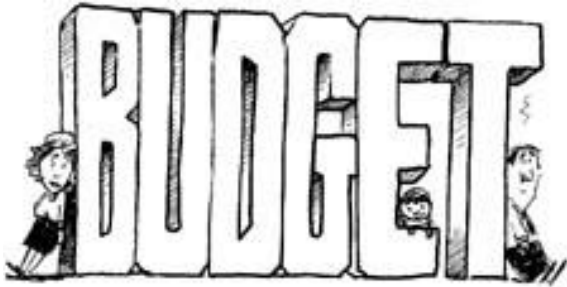




# 2013 BUDGET PROCESS

## Positive Factors

- The SLMPD enters the 2013 budget process in a fiscally sound position due, in part, to the following past and current practices:
  - Adopting annual operating budgets that are able to sustain current operations and provide some financial support for future needs.
  - Applying unanticipated operating budget surpluses to capital needs to shore up special revenue funds with declining balances.
  - Controlling labor costs without shortchanging employees and applying any savings realized after the budget has been adopted to other underfunded line item expenses.
  - Having in place sound fiscal practices overseen by a team of professionals with years of experience working for a joint powers organization.



## 2013 BUDGET PROCESS Tentative Timetable

- This is the tentative timetable that the Coordinating Committee will be following for the 2013 budget process.
  - **May 9, 2012 (Wednesday) – 5:30 p.m.**  
Quarterly Meeting – Preliminary Budget Considerations
  - **June 20, 2012 (Wednesday) – 5:30 p.m.**  
Budget Work Session – Staff Budget Presentation, Discussion and Feedback
  - **July 18, 2012 (Wednesday) – 5:30 p.m.**  
Quarterly Meeting – Budget Recommendation/Forward to Member City Councils
- Member City Councils have until **September 1, 2012** to approve the recommended budget.
- Once again, interested parties will be able to track the budget process on the SLMPD web site at **[www.southlakepd.com](http://www.southlakepd.com)**.



*That's all Folks!*