

# **SOUTH LAKE MINNETONKA POLICE DEPARTMENT**

## **M-E-M-O-R-A-N-D-U-M**

**TO:** SLMPD Coordinating Committee

**FROM:** Mike Siitari, Chief of Police

**DATE:** July 13, 2015

**RE:** Revised Budget

As directed at the July 8<sup>th</sup> Coordinating Committee meeting, I have revised the 2016 budget proposal to make the additional officer scenario more viable. There was discussion about using budget reserves but I look at this as a short time fix that will negatively impact the budget process in 2017 and beyond. I focused on the annual budget surplus, which has generally been in the 2-2.5% range. I used some budget assumptions that may not prove true but there are contingency funds to cover unexpected scenarios. The budget reductions are as follows:

Full-time salaries (50100) -	\$23,800
Social Security/PERA (50500/600)	\$4,300
Undesignated allocation (5900) -	\$13,821
Insurance account (56000) -	\$10,000
Insurance benefits (50700) -	\$8,400
Supplies (53000) -	\$8,750
Printing/Publishing (52500) -	<u>\$500</u>
TOTAL	\$69,071

The majority of the annual surplus has been in salaries and benefits. A senior officer has expressed his intent to retire early in 2016. The salary reduction and benefit costs are the difference between top patrol officer and a new hire.

I reduced the Undesignated Allocation by using a COLA figure for 2016 of 1% instead of 2%. Neighboring departments that have settled their 2016 contract are in the 2% range, but the lakes area salary survey shows SLMPD holds the top position for all ranks. 1% will narrow the gap and provide a small increase for the staff.

We will not get the actual insurance (liability & works comp) costs from the League of Minnesota Cities until mid-August so it is a bit of a moving target. There should be a surplus in the insurance account for 2015 that allows the proposed 2016 line item to be reduced. The initial proposal was an increase of \$47,600, a significant number. With a \$10,000 reduction the fund should still be able to cover the actual 2016 costs.

The Insurance Benefits line item includes an additional officer on disability, in which the department must cover health insurance costs. We are in the process of appealing the disability with a strong chance of a settlement this year. I removed the health insurance costs for the officer on the assumption that this will not be a cost in 2016.

I initially used the 2015 budget assumption of \$3.55/gallon for fuel. Prices have dropped and the forecast is for relatively stable fuel prices for 2016. I used the price assumption that Shorewood Public Works provided, \$2.75/gal. plus .10/gal, for the revised budget.

With the revised approach I did add \$5,000 to the Training and Conference line. This is a neglected area that I was going to leave for the next chief to address but with the reduction or elimination of a budget surplus for 2016 I want to make sure the future training needs can be addressed. I can offer additional information on this line item if desired.

I realize that one or more of these budget assumptions may not hold true in 2016. The contingency funds that could be used to cover unexpected increases are the 2014 and 2015 budget surplus. At this point there is \$32,000 remaining from the 2014 surplus and we are \$30,000 below 2105 budget expenditures as of 6/30/15. This should cover a worst case scenario.

I must point out that reducing or eliminating the budget surplus in 2016 will remove the funding source that has been used to fund capital purchases recently. A funded capital plan remains a long term need.

I did not revise the budget scenario with no additional officer. The Coordinating Committee voiced support for the additional officer scenario and I have made cuts that do carry limited risk for future budgets. Making the cuts and not adding an officer would carry the same risks with no tangible benefit other than cost savings. Service and staffing level issues would not be addressed.

**South Lake Minnetonka Police Department  
2016 Proposed Budget  
With Additional Officer**

	<u>2016 Budget</u>	<u>2015 Budget</u>	<u>Variable %</u>
<b>Income</b>			
40101 · Excelsior	\$ 638,527.00	\$ 619,134.00	3.1%
40102 · Greenwood	\$ 192,895.00	\$ 187,037.00	3.1%
40103 · Shorewood	\$ 1,103,665.00	\$ 1,070,145.00	3.1%
40104 · Tonka Bay	\$ 341,042.00	\$ 330,684.00	3.1%
40110 · Court Overtime	\$ 8,000.00	\$ 5,000.00	60.0%
40120 · Excelsior Park and Dock Patrol	\$ 21,500.00	\$ 21,500.00	0.0%
42100 · State Police Officer Aid	\$ 104,000.00	\$ 96,000.00	8.3%
42200 · State Training Reimbursement	\$ 4,500.00	\$ 4,500.00	0.0%
43100 · Minnetonka School District	\$ 7,000.00	\$ 7,000.00	0.0%
43200 · Administrative Requests	\$ 5,000.00	\$ 4,000.00	25.0%
43400 · Special Policing Details	\$ 29,600.00	\$ 48,400.00	-38.8%
44000 · Investment Income	\$ 5,000.00	\$ 5,000.00	0.0%
46400 · Forfeitures	\$ 2,000.00	\$ 2,000.00	0.0%
46500 · Grant Reimbursements	\$ 33,000.00	\$ 25,000.00	32.0%
46600 · Other Reimbursements	\$ 1,500.00	\$ 3,000.00	-50.0%
<b>Total Income</b>	<u>\$ 2,497,229.00</u>	<u>\$ 2,428,400.00</u>	<u>2.8%</u>
<b>Expense</b>			
50100 - Full-Time Salaries	\$ 1,358,300.00	\$ 1,298,700.00	4.6%
50200 - General Overtime	\$ 36,000.00	\$ 37,900.00	-5.0%
50230 - Reimbursed Overtime	\$ 45,900.00	\$ 59,500.00	-22.9%
50300 - Part-Time Salaries	\$ 59,300.00	\$ 99,100.00	-40.2%
50500 · Social Security & Medicare	\$ 32,700.00	\$ 31,200.00	4.8%
50600 · PERA Pensions	\$ 222,600.00	\$ 221,800.00	0.4%
50700 · Insurance Benefits	\$ 240,600.00	\$ 243,500.00	-1.2%
51000 · Contracted Services	\$ 25,300.00	\$ 22,900.00	10.5%
52100 · Equipment Leases	\$ 37,000.00	\$ 34,300.00	7.9%
52200 · Repairs and Maintenance	\$ 47,000.00	\$ 49,800.00	-5.6%
52300 · Utilities	\$ 63,400.00	\$ 64,400.00	-1.6%
52400 · Janitorial & Cleaning	\$ 10,500.00	\$ 11,300.00	-7.1%
52500 · Printing & Publishing	\$ 2,000.00	\$ 3,200.00	-37.5%
53000 · Supplies	\$ 68,450.00	\$ 77,200.00	-11.3%
54000 · Uniforms & Gear	\$ 14,800.00	\$ 14,800.00	0.0%
54500 · Training & Conferences	\$ 20,000.00	\$ 15,000.00	33.3%
56000 · Insurance	\$ 93,600.00	\$ 56,000.00	67.1%
56100 · Subscriptions & Memberships	\$ 3,000.00	\$ 3,200.00	-6.3%
57000 · Special Projects	\$ 7,900.00	\$ 12,600.00	-37.3%
58000 · Capital Outlay	\$ 72,000.00	\$ 72,000.00	0.0%
59000 - Undesignated Allocation	\$ 36,879.00	\$ -	100.0%
<b>Total Expense</b>	<u>\$ 2,497,229.00</u>	<u>\$ 2,428,400.00</u>	<u>2.8%</u>

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## 2016 Proposed Budget

### COORDINATING COMMITTEE BUDGET WORK SESSION

Prepared July 14, 2015

### Projected Contributions from Member Cities - Year 2016

#### With Additional Officer

MEMBER CITY	TOTAL AMOUNT	% SHARE	\$ SHARE	\$ INCREASE OVER 2015
Excelsior	\$2,276,129	28.0532%	\$638,527	\$19,393
Greenwood	\$2,276,129	8.4747%	\$192,895	\$5,858
Shorewood	\$2,276,129	48.4887%	\$1,103,665	\$33,519
Tonka Bay	\$2,276,129	14.9834%	\$341,043	\$10,360

<b>2016 Total Contributions from Member Cities</b>	<b>\$2,276,129</b>	
<b>2015 Total Contributions from Member Cities</b>	<b>\$2,207,000</b>	
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.		
<b>Dollar Increase Over 2015</b>	<b>\$69,129</b>	
<b>Percentage Increase Over 2015</b>	<b>3.1%</b>	

### Contributions from Member Cities - Year 2015

MEMBER CITY	TOTAL AMOUNT	% SHARE	\$ SHARE	\$ INCREASE OVER 2014
Excelsior	\$2,207,000	28.0532%	\$619,134	\$15,962
Greenwood	\$2,207,000	8.4747%	\$187,037	\$4,822
Shorewood	\$2,207,000	48.4887%	\$1,070,146	\$27,589
Tonka Bay	\$2,207,000	14.9834%	\$330,683	\$8,527
<b>Totals</b>			<b>\$2,207,000</b>	<b>\$56,900</b>