

SOUTH LAKE MINNETONKA POLICE DEPARTMENT

Historical Comparison - Member City Contributions Toward Operations Years 2012 - 2003

Coordinating Committee Meeting - July 20, 2011

Prepared by Chief Bryan Litsey

Operating Budget - Year 2012	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	Pending	Pending	Pending	Pending		Pending	
Final Contributions	Pending	Pending	Pending	Pending		Pending	

The 2012 budget process was still in progress at the time this document was prepared. Salaries and benefits should be less of a factor on the expense side, although the expiring labor agreement with union employees has yet to be negotiated for 2012. The good news is that for the first time in years health insurance rates are expected to decrease rather than increase. Other expense considerations include additional costs associated with the transition to a new record management system and additional capital needed to support an adequate vehicle fleet rotation schedule. Declining revenues continue to be problematic, most notably state aid payments associated with police pensions and disability benefits.

Another consideration that comes into play for 2012 is an adjustment to the funding formula used to determine each member city's percentage contribution toward the operating budget. An arbitration ruling in 2006 reset these percentages and locked them in for the next five years (2007-2011). These percentages first become eligible for adjustment in 2012 and every five-year period thereafter based on three determining factors (population, tax capacity and police statistical data). An administrators group sanctioned through the Coordinating Committee has been working on a reallocation formula for 2012. Preliminary figures were released at the budget work session held on June 27, 2011. These new percentages have yet to be finalized for the 2012 budget year.

Operating Budget - Year 2011	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	27.0%	8.0%	50.0%	15.0%		100.0%	
Final Contributions	\$535,518	\$158,672	\$991,700	\$297,510		\$1,983,400	4.8%

The lackluster economy was still a consideration during the 2011 budget process. Salaries and benefits were the impetus behind much of the overall increase under expenses. The multi-year (2010-2011) labor agreement negotiated with union employees contained a base wage freeze for 2010 followed by a two (2) percent increase for 2011. This applied to non-union personnel as well. This coincided with additional PERA and Medicare costs tied to payroll, rate increases and eligibility requirements. Health insurance costs also went up significantly due to more employees opting for dependent coverage and a reopener in the union contract for 2011 that led to the employer contribution increasing as a result of notably higher rates. Declining revenues continued to be a factor, most notably state aid and investment income. Much of the burden for making up this loss revenue shifted to the member cities.

Member City Contributions Toward Operations

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Operating Budget - Year 2010	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	27.0%	8.0%	50.0%	15.0%		100.0%	
Final Contributions	\$510,813	\$151,352	\$945,950	\$283,785		\$1,891,900	0.7%

The economic downturn significantly impacted the 2010 budget process. The approved budget was predicated on being able to negotiate a base wage freeze with union employees exclusive of step increases and other obligations. This was also the expectation concerning non-union personnel. This budget objective was subsequently achieved as part of the multi-year (2010-2011) labor agreement negotiated with union employees. These factors, coupled with reductions in other expenses, basically made for a flat budget. If not for the decline in revenues, most notably state aid, member city contributions would have actually gone down from the previous year.

Operating Budget - Year 2009	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	27.0%	8.0%	50.0%	15.0%		100.0%	
Recommended Contributions <i>2009 Strategic Goals Included</i>	\$524,070	\$155,280	\$970,500	\$291,150		\$1,941,000	9.5%
Difference	\$17,037	\$5,048	\$31,550	\$9,465		\$63,100	3.5%
Final Contributions	\$507,033	\$150,232	\$938,950	\$281,685		\$1,877,900	6.0%

The arbitration process in 2006 settled the dissension that had lingered for several years over the formula used to determine each city's annual contribution to the operating budget. This paved the way for a renewed effort on the part of the Coordinating Committee to engage in strategic planning. Although the groundwork was laid in 2007, this effort kicked into high gear with the creation of a Strategic Planning Group (SPG) at the beginning of 2008. The SPG adopted an aggressive schedule so that their findings could be considered as part of the budget process for 2009. A three step approach was followed which included information gathering, defining the key issues and developing a plan. Through this process four strategic goals were identified as being critically important to the mission of the organization. Specific to the operating budget were phasing in additional police officers earmarked for the patrol division; increasing the overtime budget to help manage scheduling issues; and maintaining a sufficient fund balance in order to keep pace with technology. A corresponding five-year budget projection was developed to show the financial implications of implementing these strategic goals. The operating budget proposal, which was endorsed by the Coordinating Committee and overwhelmingly supported by three of the four member City Councils, incorporated the strategic goals recommended for 2009. Nevertheless, it fell short of being adopted because one City Council lacked majority support for the proposal. Ultimately, an operating budget was adopted for 2009 absent any of the goals developed through the strategic planning process.

Member City Contributions Toward Operations

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Operating Budget - Year 2008	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	27.0%	8.0%	50.0%	15.0%		100.0%	
Contributions Without CSO Option	\$466,263	\$138,152	\$863,450	\$259,035		\$1,726,900	5.8%
Difference	\$12,150	\$3,600	\$22,500	\$6,750		\$45,000	2.8%
Final Contributions With CSO Option	\$478,413	\$141,752	\$885,950	\$265,785		\$1,771,900	8.6%

The 2008 operating budget proposal contained an option for expanded community service officer (CSO) coverage. The figures above reflect the difference between these two budget scenarios. Ultimately, the budget with the CSO option was approved as part of a two step process. This allowed the SLMPD to take on animal control and other responsibilities for the member cities. Prior to this change, the member cities had contracted with other agencies for animal control service. By redirecting this money to the SLMPD, considerably better and expanded service was achieved for virtually the same or minimally higher cost to member cities.

Operating Budget - Year 2007	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Reset 2006 Baseline
JPA Percentage Contributions Pursuant to Arbitration Ruling (1)	27.0%	8.0%	50.0%	15.0%		100.0%	
Reset 2006 Baseline Amount (2)						\$1,556,100	N/A
Final Contributions	\$440,512	\$130,522	\$815,762	\$244,729		\$1,631,525	4.8%

(1) The Fourth Amendment to the Joint Powers Agreement, which was ratified in 2006, ended the stalemate over the percentage share each member city contributes toward the operating budget. This political dispute, which had plagued the budget process since 2003, was resolved by an arbitration panel and their findings of fact and order was filed in June of 2006. Their ruling established new percentages for each member city starting in 2007, which are subject to review and adjustment every five years based on predetermined criteria. These new percentages are reflected above.

(2) The Fourth Amendment to the Joint Powers Agreement also reset the baseline for determining each member city's share of the operating budget in 2007. This number normally represents the cumulative total of what the member cities contributed toward the operating budget the previous year. Although this came to \$1,517,051 for 2006, there was a one time exception whereby this number increased to what it would have been if the operating budget had been fully funded in 2006. This brought the baseline up to \$1,556,100, which became the new starting point for 2007.

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Operating Budget - Year 2006	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	29.5%	8.5%	46.0%	16.0%		100.0%	
Recommended Contributions	\$459,050	\$132,269	\$715,806	\$248,976		\$1,556,100	3.7%
No Increase Scenario	\$400,000	\$115,254	\$623,729	\$216,949		\$1,355,932	0.0%
Difference	\$59,050	\$17,015	\$92,077	\$32,027		\$200,168	
Additional Voluntary Contributions	\$20,000	\$17,015	\$92,077	\$32,027		\$161,119	
Final Contributions	\$420,000	\$132,269	\$715,806	\$248,976		\$1,517,051	1.1%
Adjusted Budget Percentages	27.7%	8.7%	47.2%	16.4%		100.0%	

Operating Budget - Year 2005	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	29.5%	8.5%	46.0%	16.0%		100.0%	
Recommended Contributions	\$442,559	\$127,517	\$690,092	\$240,032		\$1,500,200	4.1%
No Increase Scenario	\$400,000	\$115,254	\$623,729	\$216,949		\$1,355,932	0.0%
Difference	\$42,559	\$12,263	\$66,363	\$23,083		\$144,268	
Additional Voluntary Contributions	\$0	\$17,394	\$94,132	\$32,742		\$144,268	
Final Contributions	\$400,000	\$132,648	\$717,861	\$249,691		\$1,500,200	5.9%
Adjusted Budget Percentages	26.7%	8.8%	47.9%	16.6%		100.0%	

Operating Budget - Year 2004	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	29.5%	8.5%	46.0%	16.0%		100.0%	
Recommended Contributions	\$425,154	\$122,502	\$662,952	\$230,592		\$1,441,200	6.3%
No Increase Scenario	\$400,000	\$115,254	\$623,729	\$216,949		\$1,355,932	0.0%
Difference	\$25,154	\$7,248	\$39,223	\$13,643		\$85,268	
Additional Voluntary Contributions	\$0	\$7,248	\$39,223	\$13,643		\$60,114	
Final Contributions	\$400,000	\$122,502	\$662,952	\$230,592		\$1,416,046	4.4%
Adjusted Budget Percentages	28.2%	8.7%	46.8%	16.3%		100.0%	

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Operating Budget - Year 2003	Excelsior	Greenwood	Shorewood	Tonka Bay	Reserves	Total	% Change Previous Year
JPA Percentage Contributions	29.5%	8.5%	46.0%	16.0%		100.0%	
Recommended Contributions	\$409,254	\$117,920	\$638,158	\$221,968		\$1,387,300	6.5%
Final Contributions	\$400,000	\$115,254	\$623,729	\$216,949		\$1,355,932	4.1%
Difference	\$9,254	\$2,666	\$14,429	\$5,019	\$31,368	Difference Made Up With Reserve Funds	