

# 2013 OPERATING BUDGET CHIEF'S PRELIMINARY PROPOSAL

Coordinating Committee Work Session

Wednesday - June 20, 2012

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Expenses



Revenues

# 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.

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

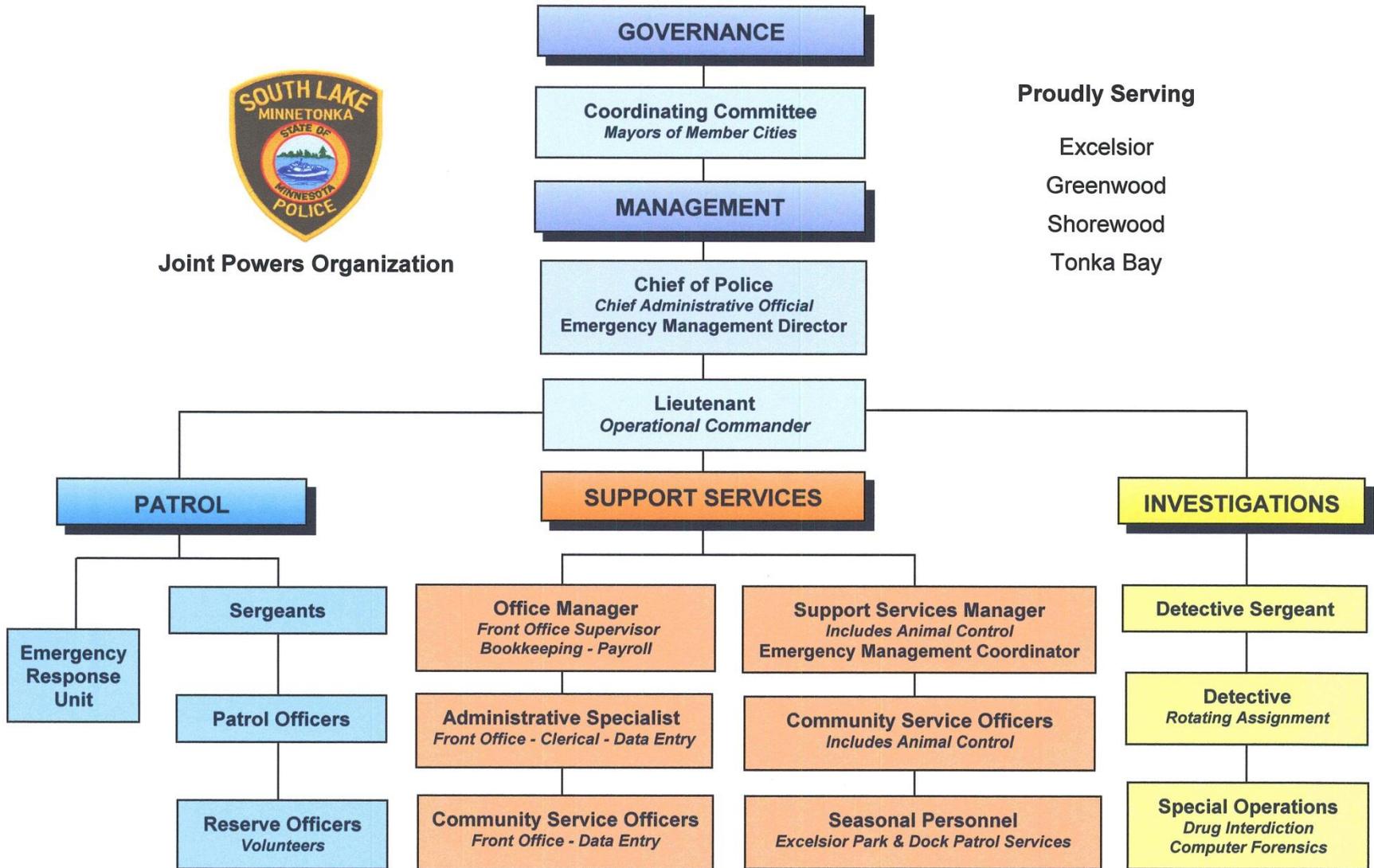
## Updated Organizational Chart - June 2012



Joint Powers Organization

Proudly Serving

- Excelsior
- Greenwood
- Shorewood
- Tonka Bay



# NEW APPROACH TO STAFFING FRONT OFFICE

## Part-Time Community Service Officers

(Formerly Part-Time Office Specialist Position)

Approximately 20 Hours Per Week



Clint Matvick  
Community Service Officer

# David Hohertz

## Support Services Manager Emergency Management Coordinator

- Title change from **Community Service Supervisor** to **Support Services Manager** to better reflect his duties and responsibilities beyond supervising the community service and animal control programs for the SLMPD.
  - Salary adjustment in 2013 for completing the course work to become a **Certified Emergency Manager** in the State of Minnesota and in recognition of his expanded role as **Emergency Management Coordinator** for the SLMPD. This would increase the additional amount he receives as a supervisor.
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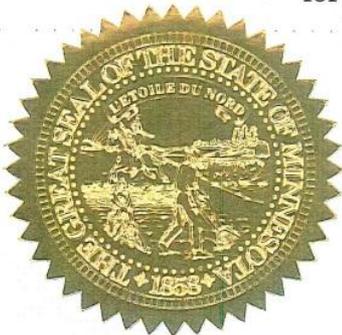


**State of Minnesota  
Department of Public Safety  
Division of Homeland Security and Emergency Management**

presents this  
Professional Certificate of Achievement  
to

***David Hohertz***

for a dedication to homeland security and emergency preparedness  
through professional development by successful completion  
of all training requirements and is recognized as a  
Certified Emergency Manager in the State of Minnesota.



*Kris A. Eide*  
Kris A. Eide, Director  
March 10, 2011



# Nancy Swanson

## Office Manager

- Title change from **Office Administrator** to **Office Manager** to better reflect her role as a member of the management team, front office supervisor and financial administrator (payroll, bookkeeping, accounts payable, etc.)
  - There is no corresponding salary adjustment tied to this title change since the duties and responsibilities remain the same. A job and market analysis done several years ago did result in additional compensation being awarded over a two year period. This was in addition to the economic increases extended to all front office personnel.
-

# Pending Organizational Changes



- Currently being studied is a restructuring of the command staff to better delineate the chain-of-command, levels of authority and expanded responsibilities.
- This would involve the second in command position currently at the rank of Lieutenant being elevated to the rank of Deputy Chief.
- The Detective Sergeant position would then be elevated to the rank of Lieutenant and be designated as third in command.
- David Pierson would continue as second in command and remain a salaried employee.
- Steve Neururer, who is currently Detective Sergeant, would be considered for the third in command position of Lieutenant.
- This would replace the rank of Detective Sergeant and become a salaried position.

# Pending Organizational Changes



- Under this proposal, the top three positions in the command structure would be salaried employees outside the union.
- This revised organizational structure is better suited for a joint powers organization like the SLMPD, where the role of Chief of Police has additional administrative, financial and personnel responsibilities normally handled through city government.
- This means the second in command position assumes greater responsibility for daily operations and serves as backup to the Chief of Police.
- The title change to Deputy Chief better reflects the true nature of what this position entails in a joint powers organization.
- The third in command position of Lieutenant would have expanded administrative responsibilities in addition to supervising the investigative unit and training in new detectives.

# Pending Organizational Changes



- This would include playing a major role in the professional standards of the department, which is better suited for someone above the rank of sergeant and not in the union.
- In addition to handling complaints and internal investigations, the Lieutenant would recognize and promote exceptional work performance and ensure that the department is meeting all required and desired standards.
- The Lieutenant would also be designated as the point person for existing and new technologies for the department. This has become increasingly necessary given the ever expanding role of technology in police work.
- As a salaried position, the Lieutenant would not be entitled to additional compensation for being on call 24/7 and responding after hours to a crime scene or other urgent matters.

# Pending Organizational Changes



- This is still a work in progress and if implemented, would not take effect until January 1, 2013.
- Budgetary implications are still being evaluated, but would be mitigated by the savings in general overtime resulting from an hourly position being converted to a salaried position.
- Additionally, these changes would not require adding personnel to the department.
- Presenting this information now affords an opportunity to discuss the merits of this proposal at the budget work session and receive feedback from the Coordinating Committee.
- A more refined proposal will be forthcoming if the Coordinating Committee is receptive to developing this organizational change further.

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

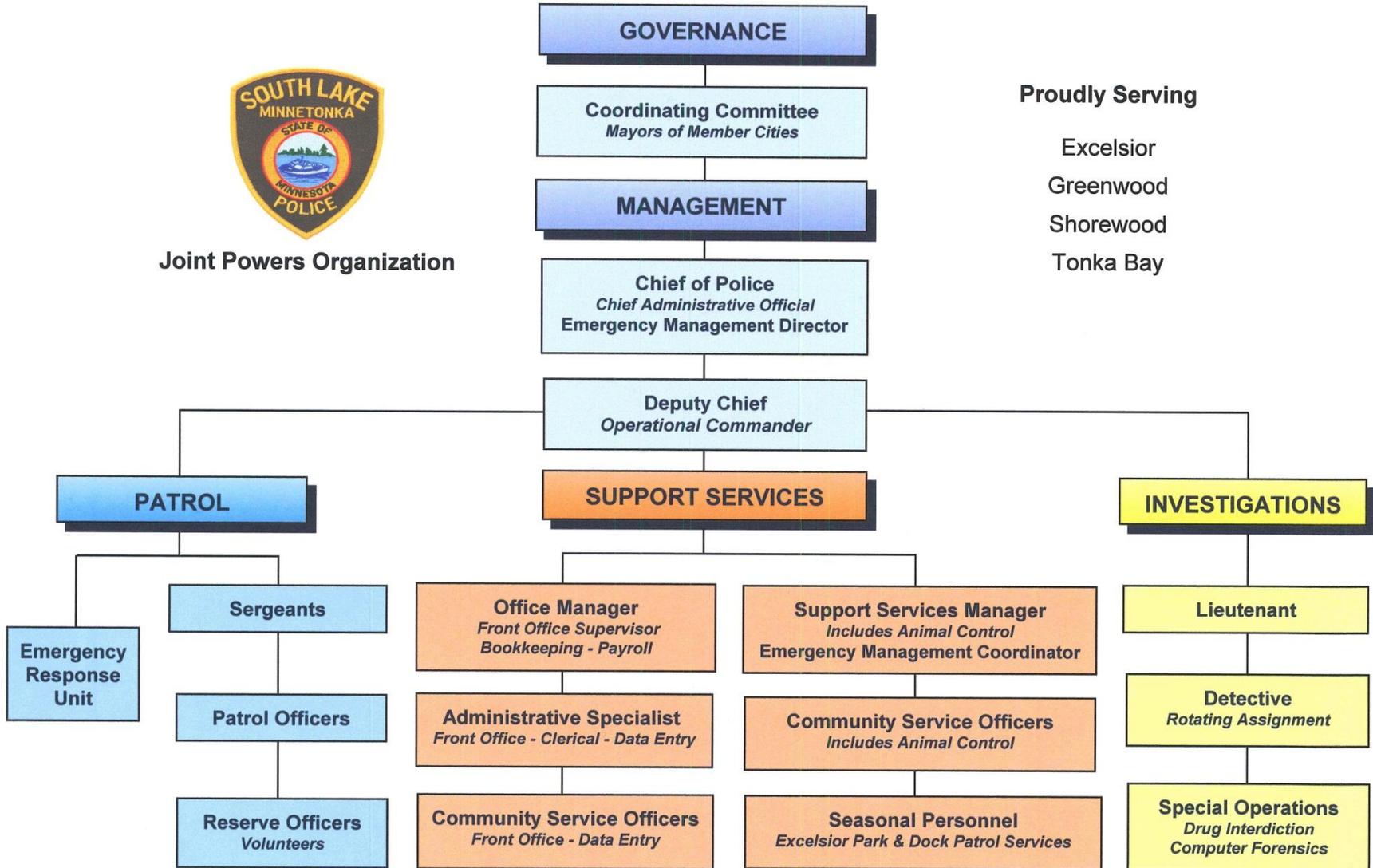
## Pending Organizational Chart - June 2012



Joint Powers Organization

Proudly Serving

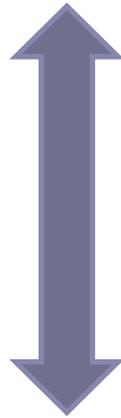
- Excelsior
- Greenwood
- Shorewood
- Tonka Bay





# BUDGET TRANSPARENCY

[www.southlakepd.com](http://www.southlakepd.com)



City of  
Excelsior



Member  
Cities



City of  
Shorewood



City of  
Tonka Bay

# TRACK THE 2013 BUDGET PROCESS ONLINE



[www.southlakepd.com](http://www.southlakepd.com)



STATE OF MINNESOTA

[HOME](#) | [LINKS](#) | [CONTACT SLMPD](#)

## South Lake Minnetonka Police Department

Proudly Serving the Communities of Excelsior, Greenwood, Shorewood and Tonka Bay

**NEWS AND EVENTS**

Saturday, May 26, 2012

[All News](#)

**HELP RESOURCES**

[About SLMPD](#)

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[Strategic  
Action Plan](#)

[Coordinating  
Committee](#)

[Meetings & Agendas](#)

[Chief's Desk](#)

[News and Events](#)

[How do I...?](#)

[Animal Control](#)

[Reserve Unit](#)

### ***Citizens Police Academy***

The South Lake Minnetonka Police Department would like to extend you an invitation to attend our next Citizens Police Academy - [View Story...](#)

### ***2013 Budget Process Underway***

Please click the heading above or the budget icon on the right side of the home page to track the 2013 budget process for the South Lake Minnetonka Police Department. - [View Story...](#)

### ***Are You And Your Family Prepared For an Emergency?***

FEMA reminds Americans to make sure their family is prepared as they "spring forward" this year. - [View Story...](#)

### ***Help Police Fight Crime!***

A local law enforcement agency has launched a web blog that invites the public to assist in identifying surveillance video images. - [View Story...](#)

### ***Inhalant Abuse Information for Parents***

Parents, want to learn how to keep your kids away from inhalant abuse? - [View Story...](#)

### ***Uniform Hennepin County Curfew Law***

### **Emergencies 911**

Non-emergencies  
**763-525-6210**

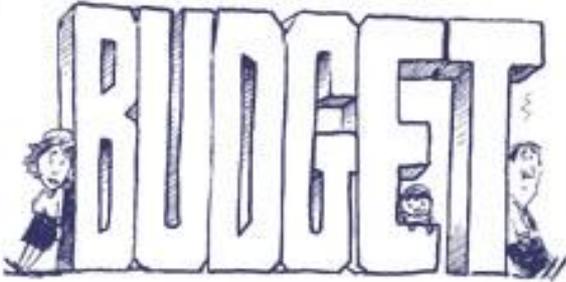
### **Administrative Office**

**952-474-3261**  
[info@southlakepd.com](mailto:info@southlakepd.com)

### **Poison Control Center**

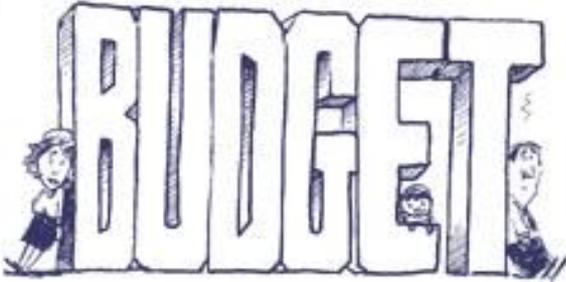
**1-800-222-1222**





# 2013 BUDGET PROCESS Timetable

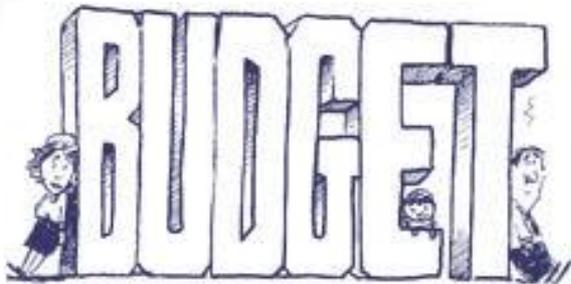
- Timetable being followed by the Coordinating Committee for the 2013 budget process.
  - **May 9, 2012 (Wednesday) – 5:30 p.m. - COMPLETED**  
Quarterly Meeting – Preliminary Budget Considerations
  - **June 20, 2012 (Wednesday) – 4:30 p.m. – COMPLETED**  
Budget Work Session – Staff Budget Presentation, Discussion and Feedback
  - **July 18, 2012 (Wednesday) – 5:30 p.m.**  
Quarterly Meeting – Budget Recommendation Forwarded to City Councils
- 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)**.



## 2013 BUDGET PROCESS

### Positive Factors

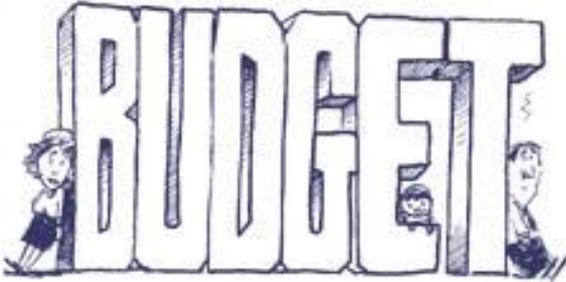
- The SLMPD enters the 2013 budget process in a fiscally sound position due, in part, to the following past and current practices:
  - Adopting annual operating budgets that are able to sustain current operations and provide some financial support for future needs.
  - Applying unanticipated operating 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

## Chief's Objectives

- Present a realistic, yet lean, budget proposal that sustains current operations and accounts for future organizational needs.
- Maximize the use of existing resources while taking advantage of alternative funding opportunities and partnership arrangements that address organizational needs.
- Fairly compensate personnel to aid in the recruitment and retention of quality personnel for present and future staffing needs. This, in turn, helps maintain an organizational culture in which integrity and professionalism are paramount.



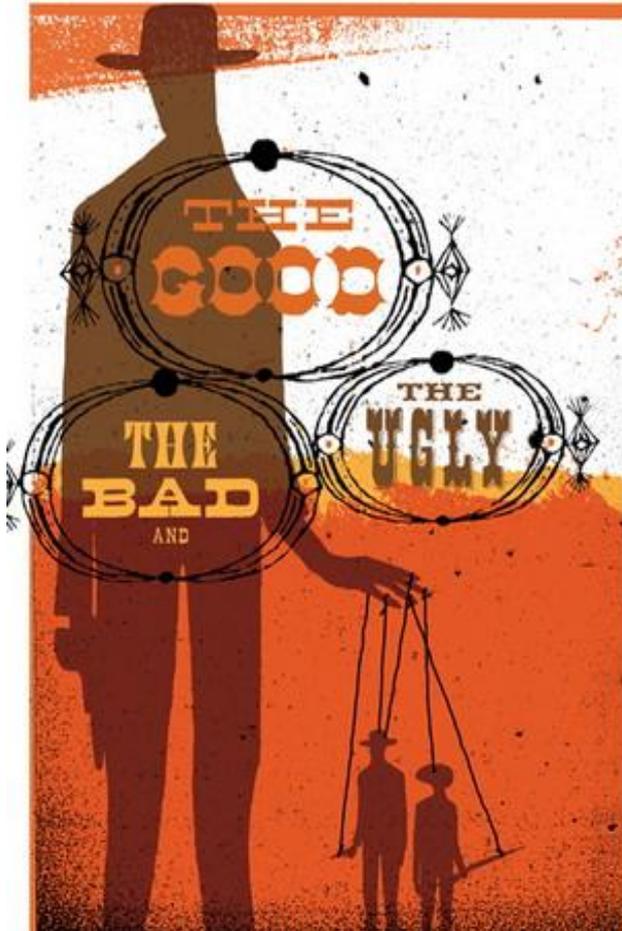
# 2013 BUDGET PROCESS

## Chief's Presentation

- This presentation focuses on the most significant aspects of the operating budget along with the key factors influencing revenues and expenses for 2013.
- It also provides the basis for the budget discussion that will follow and the direction given by the Coordinating Committee.
- Most, but not all the budget categories in the operating budget are touched upon in this presentation.
- The budget document prepared for the next Coordinating Committee Meeting on July 18, 2012 will have a detailed narrative of each category in the operating budget.

# PRELIMINARY CONSIDERATIONS

Coordinating Committee Meeting - Wednesday, May 9, 2012



- **THE GOOD**
  - Favorable 2012-2013 Labor Agreement
- **THE BAD**
  - Declining State Police Officer Aid
- **THE UGLY**
  - Surging Gasoline Prices

# 2013 BUDGET



## OPERATING REVENUE



# REVENUE CONSIDERATIONS

- The SLMPD is dependent on member city contributions for the majority of its revenue.
- These contributions are supplemented by other sources of revenue comprised primarily of state aid payments, investment income, special policing details and grants.
- The sharp decline in recent years of both state aid payments and investment income have resulted in an even greater reliance on member city contributions to maintain operations.
- The impact has been lessened by a proactive budget strategy that strives to maximize the value of each dollar received.

# Excelsior Park and Dock Patrol

## Seasonal Part-Time Positions



Andrew Nightingale  
Park Service Officer

# Excelsior Park and Dock Patrol

## Seasonal Part-Time Positions



- The SLMPD has a longstanding tradition of providing park and dock patrol services for the City of Excelsior during the busier summer months.
- The primary objective is to provide for the safe and orderly use of the Commons Park and Port of Excelsior along with the security of the adjacent neighborhoods and business district.
- Personnel working this seasonal part-time detail are classified as either a park police officer, which requires state licensure as a police officer, or a park service officer, which is a civilian with more limited authority.
- The schedule normally spans between Memorial and Labor Day weekends with staffing concentrated on weekday evenings and weekends.
- The City of Excelsior reimburses the SLMPD for actual personnel costs associated with this detail along with a five percent administration fee. This is accounted for in the budget under revenues.

# STATE POLICE OFFICER AID

## MINNESOTA • REVENUE

- State police officer aid is the largest revenue source for the SLMPD other than member city contributions.
- This annual payment from the Minnesota Department of Revenue is based upon the number of full-time licensed police officers employed by an agency for the required period of time.
- It is funded through a surcharge on auto insurance premiums and the amount of the reimbursement is determined on a per officer basis not to exceed what the employer collectively contributed the previous year toward police pensions (PERA Police & Fire Fund).
- Historically, the amount collected from the insurance surcharge has been enough so that the SLMPD has been fully reimbursed for the previous year's contribution to police pensions.

# STATE POLICE OFFICER AID

## MINNESOTA REVENUE

- Unfortunately, what was once a reliable source of revenue has been on the decline since 2008. This is illustrated on the next slide.
- This can be attributed in part to the downturn in the economy with less revenue being generated from the auto insurance surcharge and mandated increases in the employer contribution toward police pensions to keep the fund solvent.
- 2011 marked the fourth consecutive year in which there has been a significant shortfall between what the SLMPD contributed toward police pensions the previous year and the amount received from state police officer aid.
- 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.

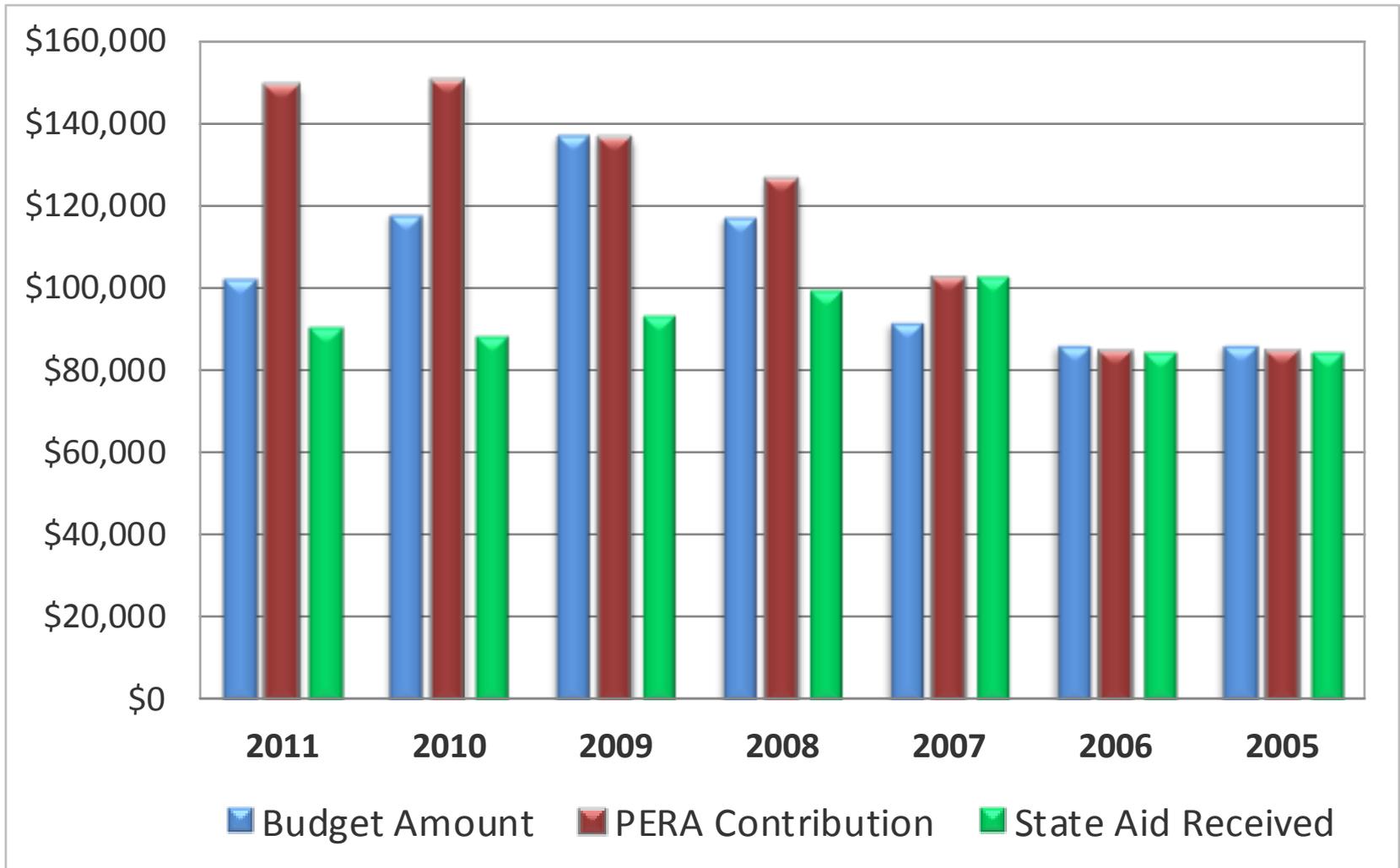
# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## STATE POLICE OFFICER AID – HISTORICAL PERSPECTIVE

Calendar Year	Payment Received	Budget Amount	Payment vs. Budget		Base Year	Actual PERA Paid	Payment vs. 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





# MINNESOTA BOARD OF PEACE OFFICER STANDARDS AND TRAINING

## Continuing Education Training Reimbursement

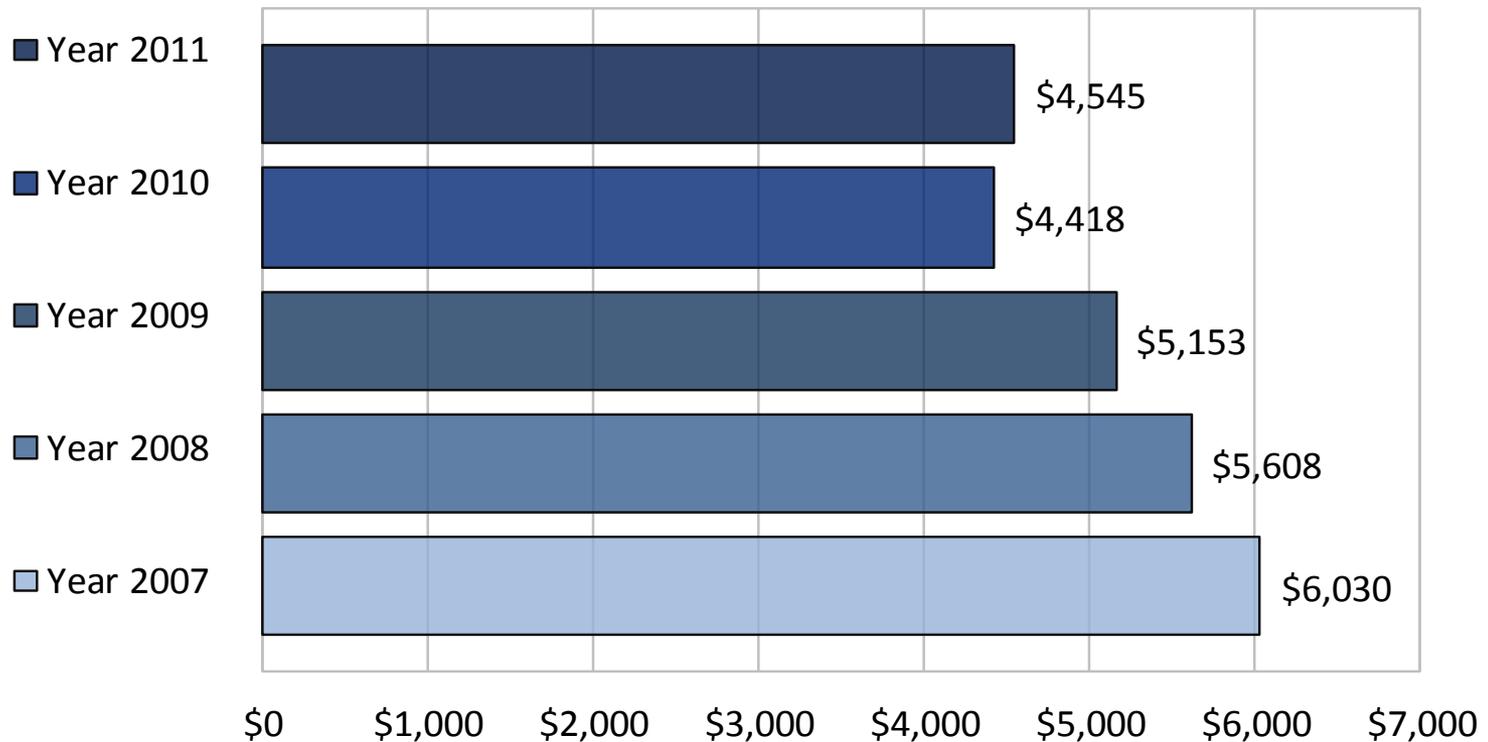
- On an annual basis, the Minnesota Board of Peace Officer Standards and Training (POST) provides reimbursement to local units of government to help defray some of the costs associated with training their respective police officers.
- The amount of reimbursement is contingent upon how much funding has been appropriated by the legislature divided by the number of eligible officers.
- The SLMPD submits an application each year to receive this reimbursement.
- Even though training has become more costly, the amount received in reimbursement has declined the last several years with the exception of 2011. This is illustrated on the next slide.
- This only represents a small portion of the training costs when factoring in salaries, registration fees, etc.
- For example, during the last reimbursement cycle (July 1, 2010 to June 30, 2011), the cumulative training costs for those SLMPD personnel satisfying the eligibility requirements came to nearly \$50,000.



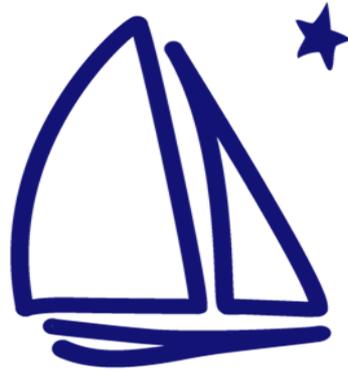
# MINNESOTA BOARD OF PEACE OFFICER STANDARDS AND TRAINING

## Continuing Education Training Reimbursement

### SOUTH LAKE MINNETONKA POLICE DEPARTMENT STATE TRAINING REIMBURSEMENT



# MINNETONKA SCHOOL DISTRICT FUNDING

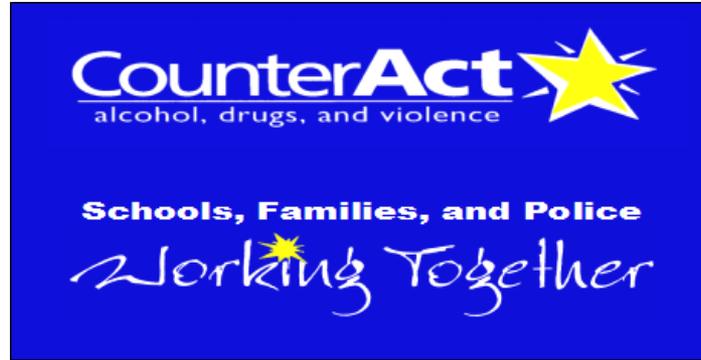


MINNETONKA  
PUBLIC SCHOOLS

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Funding available through the Minnetonka School District makes it possible for the South Lake Minnetonka Police Department to be part of the educational experience for area students. Most notable is the CounterAct Program for elementary age students.





- CounterAct is an interactive skill-based curriculum that is taught by police officers in the classroom. It enables students to make positive choices and resist pressures to engage in risky and undesirable behaviors.
- The focus is on preventing children from turning to alcohol, drugs and violence as a way to solve problems and/or gain acceptance among their peers.
- The course content is age appropriate for fourth graders and brings schools, families and police together in a coordinated effort to help young people lead healthy lives.



INSPIRING IN EVERYONE A PASSION TO EXCEL

# SPECIAL POLICING DETAILS

## ◎ **Business Partnerships**

- > Maynard's Restaurant and Bayside Grille

## ◎ **Community Events**

- > Fourth of July Celebration
- > Art on the Lake
- > Lake Minnetonka Triathlon
- > Tour de Tonka
- > Pond Hockey
- > Other Events and Special Requests

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## Special Policing Details

### Fee Schedule - January 1, 2012

<b>Classification</b>	<b>All-Inclusive Hourly Rate (1)</b>
Licensed Police Officer	\$67.00
Community Service Supervisor	\$47.00
Community Service Officer	\$27.00
Park Service Officer	\$22.00

*(1) All-inclusive hourly rate takes into account payroll costs, workers compensation, liability insurance, vehicle usage and administrative overhead.*

<b>Classification</b>	<b>Suggested Donation (2)</b>
Volunteer Reserve Officer(s)	\$100 Plus

*(2) Suggested minimum donation of \$100 when reserve officers assist with a special policing detail. Since reserve officers can not be compensated individually, the donation goes into the dedicated reserve officer fund to help offset the cost of training, equipment, etc.*

# SEASONAL POLICING DETAIL

## BUSINESS PARTNERSHIP



Source: [www.maynardsonline.com](http://www.maynardsonline.com)

# SEASONAL POLICING DETAIL

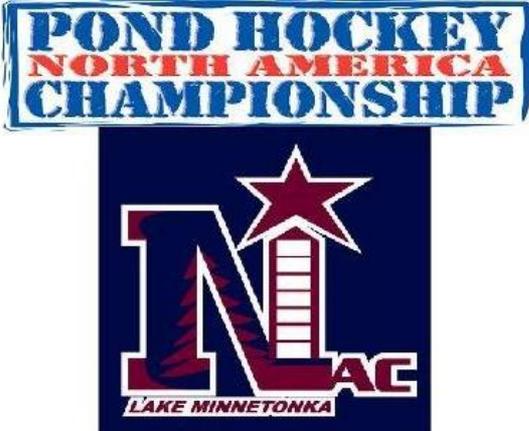
## BUSINESS PARTNERSHIP



Source: [www.bayviewevent.com](http://www.bayviewevent.com)

# MAJOR COMMUNITY EVENTS

## SPECIAL POLICING DETAILS





# INVESTMENT INCOME

**BEACON** BANK  
*Responsive. Reliable. Reassuring.*



Historically  
Low  
Interest  
Rates



**4M FUND**  
MINNESOTA MUNICIPAL  
MONEY MARKET FUND



# INVESTMENT STRATEGIES

- The SLMPD has traditionally taken a conservative approach with its financial deposits and investment strategies.
- The authorized financial institutions are locally based Beacon Bank and the 4M Fund (Minnesota Municipal Money Market Fund) sponsored and governed by the League of Minnesota Cities.
- This past year staff conducted a review of investment practices and options at the direction of the Coordinating Committee.
- The goal was to achieve a better return on investments even with interest rates remaining at historically low levels.





# INVESTMENT STRATEGIES

- A meeting held with Beacon Bank representatives in June of 2011 set the stage for a closer partnership in managing our deposits at their financial institution.
- Immediate changes included converting our operational and debt service savings accounts to a new investment opportunity through the bank.
- These internal transfers at the time resulted in more than twice the rate of return while still maintaining liquidity.
- It was further understood that our designated account manager would take a more hands-on approach with our investments and maintain closer contact with our staff.
- The next phase of our renewed investment strategy took place in January 2012 with a Beacon Bank representative.

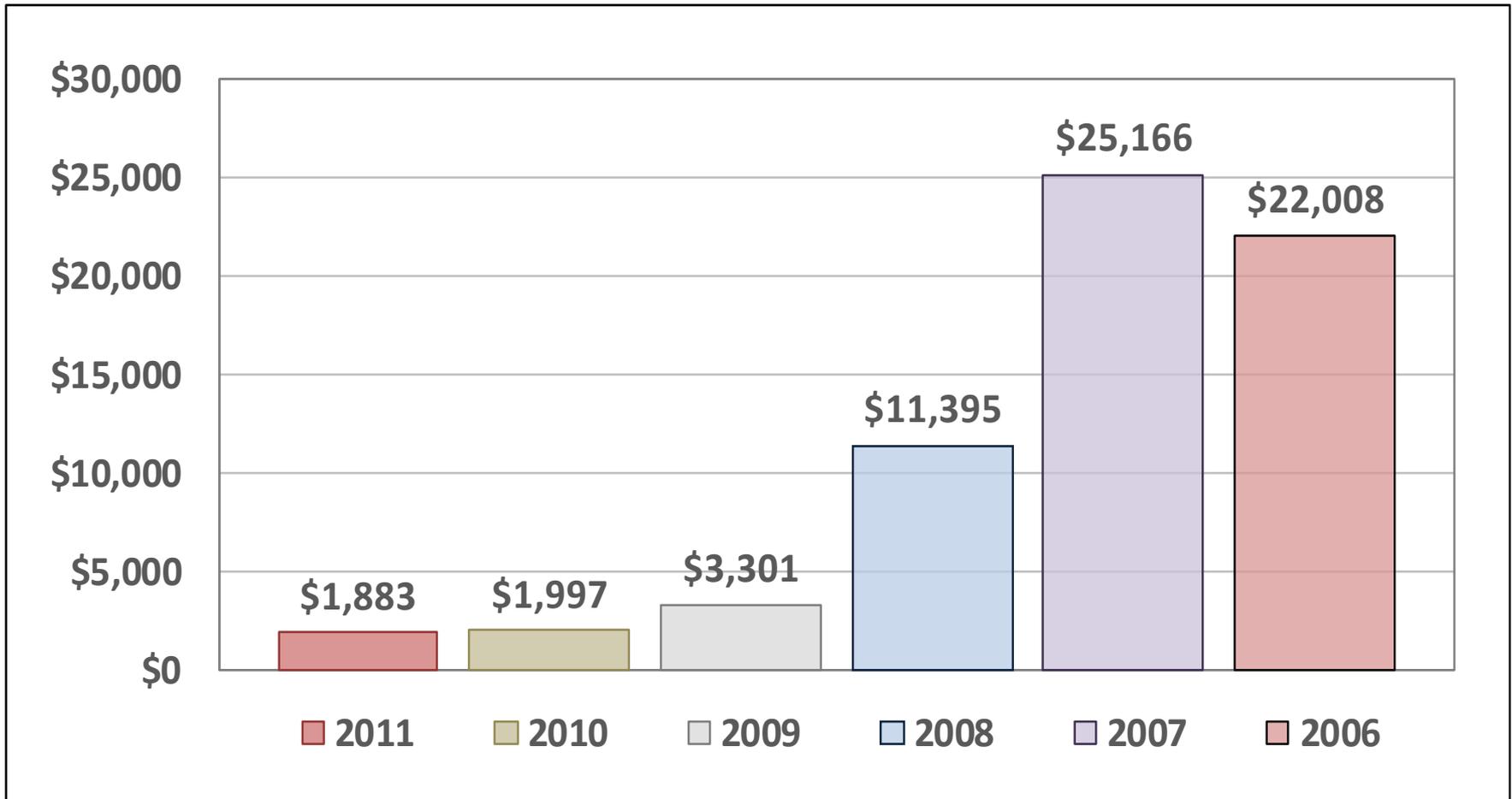


# INVESTMENT STRATEGIES

- This resulted in funds being transferred from the 4M Fund (Minnesota Municipal Money Market Account) to a higher yielding CD (Certificate of Deposit) being offered through Beacon Bank.
- This maintains an adequate amount of money in reserve to provide financial backing for accrued liabilities and unforeseen expenses while offering liquidity and a better rate of return.
- **Already in 2012 investment income has surpassed each of the past two years and is on pace to exceed budget projections.**
- Staff will continue to keep a watchful eye on SLMPD investments in order to maximize the rate of return while adhering to fiscally sound practices.



# INVESTMENT INCOME





# OFFICE OF TRAFFIC SAFETY - (OTS)

A Division of the Minnesota Department of Public Safety

## Toward Zero Deaths Grant

- The SLMPD is among a group of law enforcement agencies in western Hennepin County collectively receiving funding through a shared grant entitled Toward Zero Deaths.
- This federal funding, administered through Office of Traffic Safety, allows participants to conduct high-visibility traffic enforcement in their region.
- Toward Zero Deaths combines what used to be a number of separate enforcement programs under one umbrella, including Safe & Sober and Operation NightCAP.
- Continued funding for the Western Hennepin group is expected to be approved soon and includes additional enforcement hours for the SLMPD in 2013.
- The net effect on the 2013 budget is neutral, since the additional overtime on the expense side is offset on the revenue side with the grant reimbursement.



# Public Safety Officer's Disability Benefit

- Pursuant to Minnesota Statute 299A.465, the employer of a police officer disabled in the line of duty is required to provide the same health insurance benefits as if the disabled officer was actively employed. This includes the disabled officer's dependents as well.
- The SLMPD has one former police officer with dependents who qualifies for this ongoing benefit until reaching Medicare eligibility. This expense is accounted for in the budget each year under health insurance costs.
- The state provides some reimbursement to help defray the cost of complying with this law, but the amount has been steadily decreasing as illustrated on the next slide.
- During the last reimbursement cycle (July 1, 2010 to June 30, 2011) the SLMPD received only \$4,971 (37%) of the \$13,506 it contributed toward health insurance on behalf of this disabled officer. This payment is accounted for in the budget under Grant Reimbursement.

# SOUTH LAKE MINNETONKA POLICE DEPARTMENT

## Public Safety Officer's Disability Benefit (M.S. 299A.465)

### Eligible SLMPD Officers - 1

Claim Period	Total Amount	Employer Paid	Percentage	State Paid	Percentage
07-01-2004 to 06-30-2005	\$7,470	\$1,977	26.0%	\$5,493	74.0%
07-01-2005 to 06-30-2006	\$8,160	\$2,688	33.0%	\$5,472	67.0%
07-01-2006 to 06-30-2007	\$9,300	\$4,379	47.0%	\$4,921	53.0%
07-01-2007 to 06-30-2008	\$10,080	\$4,695	47.0%	\$5,385	53.0%
07-01-2008 to 06-30-2009	\$10,830	\$5,710	53.0%	\$5,120	47.0%
07-01-2009 to 06-30-2010	\$12,252	\$7,247	59.0%	\$5,005	41.0%
07-01-2010 to 06-30-2011	\$13,506	\$8,535	63.0%	\$4,971	37.0%
07-01-2011 to 06-30-2012	\$13,908	Pending		Pending	

# 2013 BUDGET



# OPERATING EXPENSES

# SALARIES



- Personnel costs comprise the majority of operating expenses for police departments and other service providers.
- The SLMPD is no different with salaries and benefits accounting for 82 percent of the budgeted operating expenses in 2012.
- Salaries alone represent the most sizable expense item in the budget.
- Budgeting salaries for the coming year is more difficult when the labor agreement with union employees has yet to be settled or there is a reopener clause in the existing agreement.
- This also carries over to non-union employees, since their base wage increase is usually contingent on what union employees receive.
- This was the backdrop when budgeting for 2012. The existing labor agreement with the union employees expired at the end of 2011 and negotiations were still pending for 2012.

# SALARIES



- Therefore, salaries budgeted for 2012 were based on best estimates at the time it was prepared.
- The amount of the anticipated increase was placed in the undesignated allocation category pending the outcome of labor negotiations with the union.
- A tentative labor agreement with the union was ratified in February 2012. This agreement for 2012-2013 provides base wage increases of 0.75 percent in 2012 and 1.25 percent in 2013. This was also extended to most non-union employees.
- Having this in place makes it easier to calculate base salary increases for 2013.
- Other 2013 salary considerations include step increases within the salary schedule, longevity and incentive pay, additional sergeants pay and adjustments based on market trends and job responsibilities.
- Some of these same considerations in 2012 increased full-time salaries by nearly one percent without factoring in a base wage increase.

# GENERAL OVERTIME



- The following items are included under this category and are considered general overtime.
  - Working in excess of regularly scheduled shifts
  - Working on holidays
  - Callouts for special circumstances (emergency response unit, major crime, natural disaster, etc.)
  - Filling gaps in the schedule due to sickness, injuries, time owed, training, vacant positions, etc.
- Eligible employees have the option of taking general overtime as pay or banking it as compensatory time not to exceed 50 hours at any given time.
- Not knowing in advance what the breakdown will be presents a unique challenge when preparing the budget.
- The budgeted amount needs to be sufficient enough to absorb shifts in employee preference between pay and compensatory time.

# REIMBURSED OVERTIME

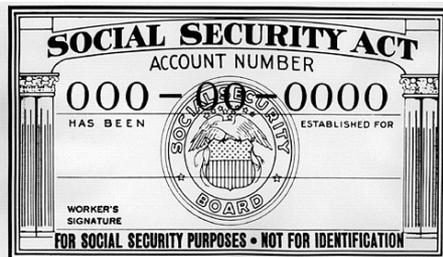


- There are a number of special details throughout the year in which the SLMPD receives reimbursement. This is reflected under revenues. Employees receive additional pay for these special details when not part of their normal duty time.
  - Testifying in Court
  - Educational Programs in the Schools
    - CounterAct
  - Toward Zero Deaths – Minnesota Office of Traffic Safety
    - Combines Safe & Sober and NightCAP Grants
  - Community Events
    - Fourth of July, Art on the Lake, Triathlon, Tour de Tonka, etc.
  - Special Policing Details
    - Maynard's Restaurant/Bayside Grille, etc.

# SOCIAL SECURITY & MEDICARE



- Although Social Security and Medicare rates are expected to remain the same in 2013, there are two other factors that contribute to an increase under this category.
- First, as payroll goes up so does the base from which these calculations are made as a percentage of salaries.
- Second, police officers in the state retirement plan previously were exempt from both Social Security and Medicare. This has since changed so that Medicare now applies.
- Therefore, when exempt police officers retire, the SLMPD is required to make Medicare contributions on behalf of their replacements.



# STATE OF MINNESOTA

## Public Employees Retirement Association

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- The SLMPD is required to participate in the Public Employees Retirement Association (PERA).
- Both the employer and employee contribution rates are set by the state legislature. These amounts are calculated as a percentage of salaries based on the prevailing rates at the time.
- Eligible police officers are covered under the Police and Fire Plan and eligible civilian employees are covered under the Coordinated Plan.
- Contribution rates for both plans increased significantly between 2005 and 2011 to compensate for declining fund balances.
- These contribution rates stabilized in 2011 and are expected to remain the same through 2013.
- Therefore, the lone factor for the increase under this category is the larger payroll base from which pension contributions are figured on a percentage basis.



# Public Employees Retirement Association Police and Fire Plan – Contribution Rates

## Historical Chart – 2005 to Present

Date of Increase	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%

# LOGIS Health Care Group

Local Government Information Systems Association



## Employee Health Insurance



Gallagher Benefit Services, Inc.  
t h i n k i n g   a h e a d



BlueCross BlueShield  
of Minnesota

# EMPLOYEE HEALTH INSURANCE

- The SLMPD is part of a consortium of local governmental agencies that collectively negotiate with health insurance providers to obtain good coverage at competitive rates.
- This alliance is called the LOGIS Health Care Group, which is managed by Gallagher Benefit Services, Inc.
- There are currently 40 member groups with over 4,000 employees and a total of over 7,800 participants.
- One proactive way the group has been trying to lower costs is educating employees on the potential cost savings that can be derived when switching from a traditional plan to a high deductible plan with a companion health savings account (HSA).
- The SLMPD has been in the forefront of this effort, both in educating employees and negotiating with the union to make the HSA plan more appealing in the labor agreement.

# EMPLOYEE HEALTH INSURANCE

- The previous contract with HealthPartners expired at the end of 2011 and went out for bids in the spring of that year.
- After an extensive bidding and screening process, Blue Cross and Blue Shield of Minnesota was selected as the new insurance carrier for the LOGIS Health Care Group.
- The new contract reverses years of premium increases by offering a premium decrease in 2012 of between 17 and 20 percent depending on the plan selected.
- Additionally, the following rate caps keep premiums under 2011 levels until at least 2015.

2013 – 9%

2014 – 10%

2015 – 11%

2016 – 12%

- This played a key role in being able to negotiate a labor agreement with union employees for 2012-2013 in which there is no increase in the employer contribution toward health insurance benefits. This also applies to non-union employees receiving the same health insurance benefit.

# EQUIPMENT LEASES

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- The most significant expense under this category is the annual transfer made to the Technology Fund.
- This special revenue fund supports the acquisition, maintenance and replacement of technologies that support SLMPD operations.
- This includes having capital on hand for the following mission critical technologies.
  - Mobile data computers and 800 MHz radios required of users dispatched through Hennepin County.
  - Infrastructure for the computer network on the police side (server, data storage devices, workstations, etc.).
  - Shared voice and data communications at the public safety facility with high speed connection (T1 line).
  - Records management system that interfaces with mobile and dispatch applications.

# EQUIPMENT LEASES

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- The long awaited changeover to a new records management system received the “green light” at the Coordinating Committee Meeting held on May 9, 2012.
- The SLMPD has since joined the LOGIS consortium of law enforcement agencies transitioning to the new Motorola PremierOne Records Management System.
- The SLMPD is among the group of smaller police departments in Hennepin County scheduled to go online with LOGIS during the first half of 2013.
- The SLMPD has a financial strategy in place to incrementally absorb this additional expense as part of ongoing operations.
- Supplemental funding will be used to make up the difference until parity is reached in 2018.

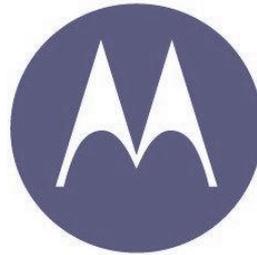
# EQUIPMENT LEASES

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- This strategy mitigates the net effect of the increase on member cities and takes advantage of the preplanning that was done to have supplemental funding in place prior to implementation.
- The Technology Fund is being used as the primary source of supplemental funding with the DWI Forfeiture Fund serving as a secondary source if the need should arise.
- The amortization schedule depicted on a subsequent slide illustrates how this financial plan will be managed through the Technology Fund over a five-year period (2013-2017).
- It calls for the operating budget to absorb approximately 21 percent of this new expense in 2013.
- This is the sole reason for the increase in this category for 2013.

# LOGIS

Local Government Information Systems  
Law Enforcement Group



***MOTOROLA***

PremierOne Records Management System

# NEW RECORDS MANAGEMENT SYSTEM

## LOGIS – Motorola PremierOne



### Financial Plan - Amortization Schedule

Budget Year	LOGIS RMS Cost Annual Estimate	Percentage Increase	Share of RMS Cost Operating Budget	Share of RMS Cost Technology Fund
2013	\$19,000	N/A	\$4,000	\$15,000
2014	\$20,000	5.26%	\$8,000	\$12,000
2015	\$20,500	2.50%	\$12,000	\$8,500
2016	\$21,000	2.44%	\$16,000	\$5,000
2017	\$21,500	2.38%	\$18,000	\$3,500
2018	\$22,000	2.33%	\$22,000	\$0
<b>TOTALS</b>	<b>\$124,000</b>	<b>N/A</b>	<b>\$80,000</b>	<b>\$44,000</b>

# Repairs and Maintenance



- The majority of expenses under this category are for the routine maintenance and repair of building components and vehicles in the fleet.
- Expenses associated with building components are generally a shared expense with the Excelsior Fire District.
- Maintenance agreements cover much of the equipment in the building such as the heating/cooling system, uninterruptable power supply, emergency generator, elevator and security gate.
- Police vehicles are subjected to rigorous use and thus require more maintenance than the average vehicle.
- Dependability is also a critical factor when relied upon for emergency responses.
- The SLMPD has a good maintenance program in place to keep vehicles in top-notch condition while minimizing costs.

# Repairs and Maintenance



- A new expense added to this category is the cost of car washes. This accounts for the increase to this category
- The gas station that previously extended free car washes to the SLMPD is no longer in business and no competitors are willing to extend this same offer.
- The best deal for now is at the Holiday Station Store in Navarre. Their discounted rate is still almost \$6.00 per wash, which adds up fast for a fleet of vehicles in use around the clock.
- The SLMPD is mitigating this expense by hand washing vehicles at the police station when time permits.



**STATIONSTORES**





# UTILITIES



- Most ongoing costs associated with building operations are a shared expense with the Excelsior Fire District.
- Electricity and natural gas costs represent the most significant shared expense under this category.
- The HVAC system for heating and cooling the building creates the highest demand for electricity and natural gas.
- Several years ago a controls expert was brought in to fine-tune the HVAC system for maximum efficiency.
- Since that time there has been a sustainable reduction in natural gas usage.
- Subsequent budgets did not fully reflect the corresponding cost savings until there was a reasonable degree of certainty that the tweaking of the controls was the primary reason for the reduction and not weather or some other anomaly.



# UTILITIES



- A number of factors are taken into account when budgeting for electricity and natural gas costs.
- Past costs is a helpful indicator in predicting future costs, especially with an experience factor of more than eight years in the building.
- Less predictable variables include the volatility in pricing for electricity and natural gas along with the impact of weather.
- The amount budgeted for these expenses has been tweaked to the point where in 2011 the annual cost of electricity was over by more than five percent and near even for natural gas.
- A similar scenario seems likely for 2012, although the unseasonably warm first quarter of the year kept heating costs down.
- A modest increase has been factored into the 2013 budget for both electricity and natural gas in order to keep pace with rising costs.



## UTILITIES



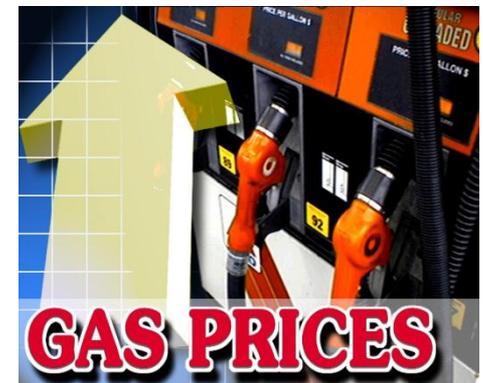
Together with Nextel

- Noteworthy savings have been realized by renegotiating government contracts with the providers used by the SLMPD for telecommunications and cellular service.
- This has helped keep costs down in this category while receiving the same or better service.
- Telecommunications for the public safety facility is a shared expense with the Excelsior Fire District. The T1 line combines voice and data on a single connection using Integra's fiber-based voice and data network.
- Cellular service through Sprint/Nextel is used for both voice and data connections. The voice portion allows personnel to communicate while in the field and provides access to key personnel 24/7. The data portion is used as an access point for the mobile data computers in the patrol vehicles along with other mobile applications.

# SUPPLIES



- Gasoline for the SLMPD fleet of vehicles represents the largest expense under this category.
- The price has been trending upwards since 2009 and within the last year has peaked near \$4.00 per gallon. This is illustrated on a subsequent slide.
- Revisions made to the 2011 operating budget accounted for some of the increase by moving \$6,000 from the undesignated allocation category to motor fuels, which is a subcategory under this category.
- This additional amount allocated to motor fuels in 2011 became the new baseline for the 2012 budget.
- This was still not enough to support gasoline prices nearing \$4.00 per gallon at the time the 2012 budget was being prepared.



# SUPPLIES



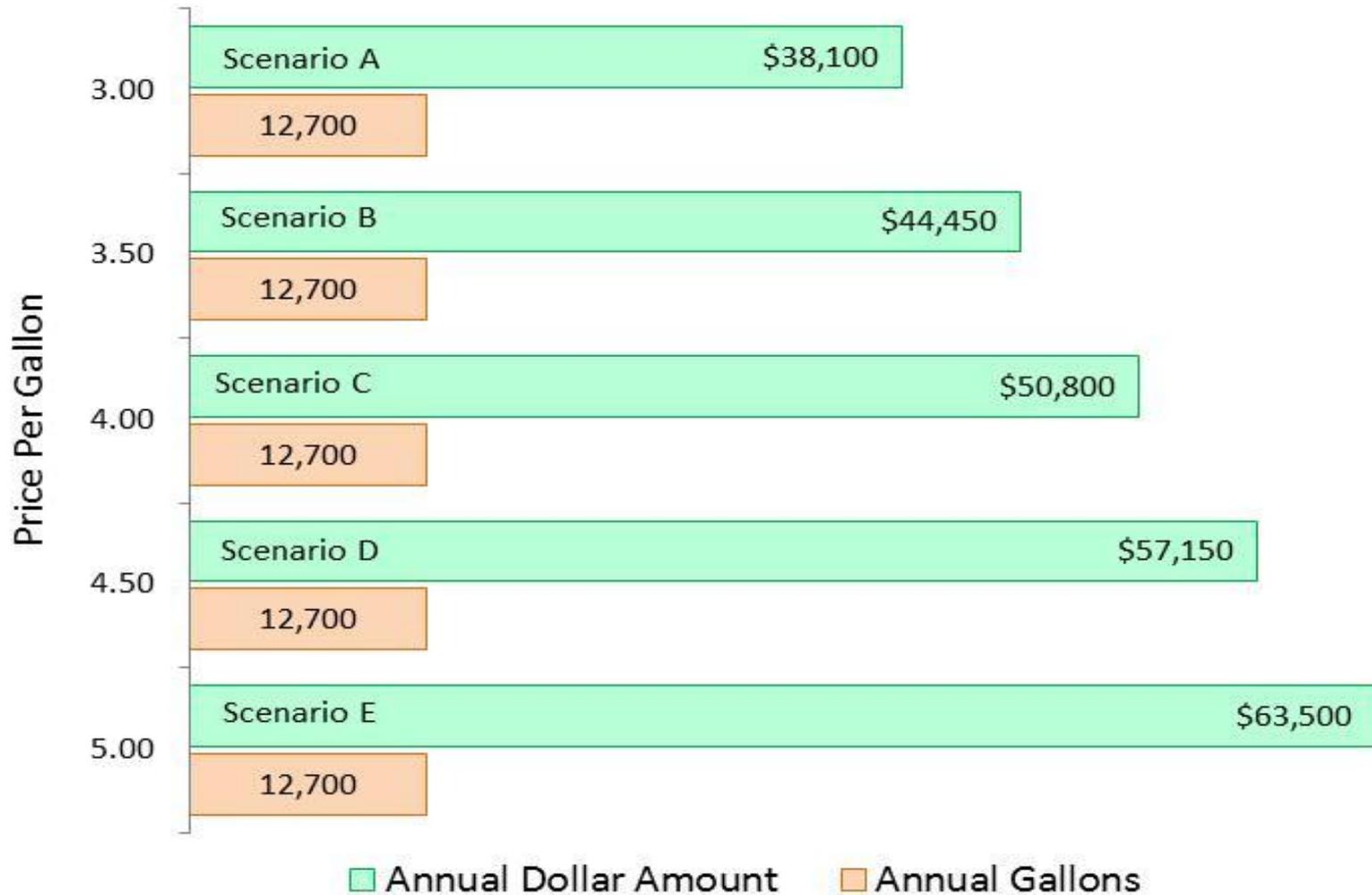
- This meant having to budget even more for motor fuels in 2012.
- Projecting where gasoline prices are heading for 2013 is a formidable challenge given the recent spike in gasoline prices and the volatility of this commodity on the world market.
- The benchmark being used for 2013 is an average annual price of \$3.90 per gallon.
- For budgeting purposes, the actual figure is \$3.72 per gallon due to the fact that the SLMPD is exempt from the federal excise tax of 18.4 cents per gallon.
- This average price is then applied to the 12,700 gallons of gasoline the vehicle fleet is projected to consume during the course of 2013.
- All this adds up to a needed increase in the amount budgeted for motor fuels in 2013.



60 Month Average Retail Price Chart



# SOUTH LAKE MINNETONKA POLICE DEPARTMENT VEHICLE FLEET - FUEL COSTS





## PROFESSIONAL STAFF DEVELOPMENT Training and Conferences

- Staff development is critically important to the professionalism of the organization, effectiveness within the community, officer and public safety, and the retention of personnel.
- There can also be significant legal ramifications for failure to adequately train and supervise personnel.
- Training needs and costs are continually increasing due to mandates, changing technology, specialization and organizational changes.
- Although the state provides some training reimbursement, it covers only a fraction of the overall cost each year.
- A new expense added to this category in 2012 is an online training program called PATROL (Police Accredited Training Online). This is described in more detail in a subsequent slide.



## PROFESSIONAL STAFF DEVELOPMENT Training and Conferences

- Through PATROL, officers are able to access monthly web-based courses on current legal issues and important topics relevant to Minnesota law enforcement.
- This cost-effective, but added training expense was not contemplated in the 2012 operating budget when it was adopted.
- This put an additional strain on what was already an underfunded expense category in need of an infusion.
- This was addressed last month by the Coordinating Committee as part of approving revisions to the 2012 operating budget.
- One of these revisions moved \$2,800 from the undesignated allocation category to the training category bringing the total to a more appropriate level.
- This new baseline for training expenses has been carried over to the 2013 operating budget.



- PATROL (Police Accredited TRaining OnLine) was developed and is run by the League of Minnesota Cities Insurance Trust (LMCIT), in partnership with the Minnesota Counties Intergovernmental Trust (MCIT), Minnesota Chiefs of Police Association (MCPA) and Minnesota Sheriffs' Association (MSA).
- PATROL is a powerful learning tool for Minnesota law enforcement officers. Through PATROL, officers access monthly web-based courses on current legal issues and research on important developments impacting Minnesota law enforcement.
- Each month a new continuing education course is available to officers. Upon successful completion of each course, officers earn one POST credit toward their continuing education credits. In addition, PATROL delivers courses on Use of Force and Deadly Force to help law enforcement agencies meet POST mandates, and courses on Bloodborne Pathogens and HazMat to help agencies meet OSHA standards. All courses combined, peace officers can earn up to 18 POST credits each year.



# Certificate of Completion

## Terry Neuberger

This certifies that the individual named above has completed the course entitled:  
Use of Force Legal Issues 2012 (9631-0086)

Course Provider: League of Minnesota Cities Insurance Trust

Instructors: William J. Everett, Esq. and Daniel P. Kurtz, Esq. Joint Instructors

Date of Completion: 4/10/2012

Course Length: 1 hour(s)

POST credits earned: 1

### Instructions to Officer

Once you have completed the course:

1. Please sign and date the affirmation under the Affirmation heading at right and provide your POST License number.
2. Provide the signed and dated affirmation to the individual your department designates to maintain training records.

The signed certificate will be your department's permanent record of your training.

### Affirmation

I, Terry Neuberger, affirm that I completed the above referenced course and included the examination on the date specified above.

Signature

4/10/2012

Date

13888

POST License #



## **SOUTH LAKE MINNETONKA POLICE DEPARTMENT Municipal Insurance Coverage**

- **League of Minnesota Cities Insurance Trust**

- The League of Minnesota Cities Insurance Trust (LMCIT) is a cooperative, member-owned organization founded during 1980 that provides property, liability, workers' compensation and employee benefit needs to Minnesota cities.
- Members contribute premiums to a jointly-owned fund rather than paying premiums to buy insurance from a private insurance company. This fund is used to pay for members' claims, losses and expenses.
- LMCIT is a member-driven organization that exists solely to meet the risk management and insurance needs of Minnesota cities. LMCIT's property/casualty program has more than 1,100 members, and the workers' compensation program has more than 900 members.



## SOUTH LAKE MINNETONKA POLICE DEPARTMENT Municipal Insurance Coverage

Line Item 56000 - Insurance	\$58,000	Comments
Municipality Coverage	\$27,139	Actual Premium <i>Policy Period: 07/01/2011 to 07/01/2012</i>
2011 Property/Casualty Dividend Check	-\$7,449	Municipal Coverage Dividend <i>Date of Check: 12/14/2011</i>
Workers' Compensation	\$29,613	Actual Premium <i>Policy Period: 07/01/2011 to 07/01/2012</i>
Workers' Compensation Commission Check	-\$592	Workers Compensation Policy <i>Date of Check: 08/31/2011</i>
Workers' Compensation	\$2,420	Premium Adjustment - Final Audit <i>Policy Period: 07/01/2010 to 07/01/2011</i>
Workers' Compensation Commission Check	-\$48	Workers' Compensation Policy <i>Date of Check: 11/18/2011</i>
Public Safety Facility - Police Portion	\$3,604	Actual Premium <i>Policy Period: 12/23/2011 to 12/23/2012</i>
Self-Insured Deductible Account	\$3,313	Annual Estimate <i>\$500 Deductible</i>
<b>Not Included in Calculation</b>		<b>First Dividend Issued Since 2000</b>
2012 Workers' Compensation Dividend Check	-\$10,404	Workers' Compensation Dividend <i>Date of Check - 04/11/2012</i>

# SPECIAL PROJECTS

- This category has traditionally funded our annual membership in the Southwest Metro Drug Task Force and annual subscriber fee to CornerHouse (Interagency Child Abuse Evaluation and Training Center).
- More recent additions to this category include an annual transfer to the Reserve Officer Fund to help support this volunteer unit and an annual contribution to the Lake Minnetonka Emergency Response Unit as one of six police departments with personnel on the team.



**Southwest Metro  
Drug Task Force**



**Child Abuse Center  
Evaluation and Training**



**Lake Minnetonka  
Emergency Response Unit**



**Volunteer  
Reserve Officers**

# CAPITAL OUTLAY



- Nearly the entire amount under this category is transferred to the Vehicle Fund.
- This fund is utilized to purchase, equip and setup vehicles as part of a fleet rotation plan.
- In recent years, the amount transferred to this fund has lagged well behind what is needed to sustain this conservative fleet rotation schedule.
- A short-term fix was taken in 2010 to address this issue by using proceeds in the DWI Forfeiture Fund to acquire and outfit one of the two patrol vehicles purchased that year.
- It was understood at the time, however, that relying on an unpredictable funding source was not a good long-term strategy.
- More recently, this funding shortfall has been exacerbated by Chevrolet and Ford following the lead of Dodge in introducing a new generation of police vehicles.
- Not only are they more costly, but much of our equipment in existing police vehicles is not compatible with the newer models.

# CAPITAL OUTLAY



- This means for the next several years there will be an additional cost to outfit new police vehicles.
- It was once again noted during the 2012 budget process that the amount being transferred into the Vehicle Fund needs to be incrementally increased in future budget years in order to support a realistic fleet replacement schedule.
- The increase factored into the 2012 budget was still approximately \$21,000 short of what is needed annually as illustrated on a subsequent slide.
- Great strides were made in addressing this shortfall after revisions to the 2012 operating budget were approved by the Coordinating Committee last month.
- One of these revisions moved \$14,000 from the undesignated allocation category to the capital outlay category to supplement the \$52,000 already transferred to the Vehicle Fund.
- This new transfer amount of \$66,000 raises the baseline for 2013. However, it is still short of the stated goal even with an additional \$2,000 being budgeted toward capital outlay in 2013.

NEW WORLD  
OF WORTH...  
CHEVROLET  
POLICE CARS  
FOR 1962



# NEXT GENERATION OF POLICE CARS

## 2012 CHEVROLET CAPRICE





# FLEET ROTATION SCHEDULE

## Revised – April 2012



Vehicle Use	Number	Rotation Years	Units Per Year	Est. Mileage
Patrol - Primary	5	3	1.67	90,000
Patrol - Secondary (1)	1	5	0.20	110,000
Support Services (2)	2	7	0.29	100,000
Investigations	2	8	0.25	110,000
Administration	1	8	0.13	110,000
<b>Total Units Per Year</b>	<b>11</b>		<b>2.54</b>	

(1) Designated for use by reserve officers. Also used during the summer by park service officers. Serves as backup when there is a shortage of primary patrol vehicles.

(2) Used predominately by community service officers. Also used by patrol officers during inclement weather or when there is a shortage of primary patrol vehicles.

# FLEET COSTS

Revised – April 2012



Purchase, Setup and Equipment		
Units Per Year	Unit Price	Total
2.5	\$26,500	\$66,250
Units Per Year	Vehicle Set Up	Total
2.5	\$1,500	\$3,750
Units Per Year	Vehicle Teardown	Total
2.5	\$200	\$500
Units Per Year	Equipment Replacement	Total
2.5	\$4,500	\$11,250
<b>Total</b>	<b>\$32,700</b>	<b>\$81,750</b>
Sale of Vehicles		
Units Per Year	Est. Value Each	Total
2.5	\$3,500	\$8,750
<b>Recommended Operating Budget Transfer</b>		<b>\$73,000</b>



# Transfers to Designated Funds

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- The SLMPD is responsible for managing its own fiscal affairs as a joint powers organization.
- This means it is necessary to maintain a number of special revenue and capital funds in support of the operating budget, which is financed primarily through member city contributions.
- Many of these funds are used to help with cash flow and to maintain consistency within the operating budget from year-to-year.
- All fund balances are subject to variances depending on when revenues and transfers are received and expenditures are made throughout the year.
- Most funds are supplemented by operating budget transfers to maintain an adequate fund balance. This is illustrated on the next slide.



# Transfers to Designated Funds

## Proposed Transfers to Designated Funds

Operating Budget Categories				Transfer >	Special Funds
Item	Category	Sub-Item	Sub-Category	Amount	Fund Name
52110	Equipment Leases	52110	Communications Records Management	\$20,000 \$4,000	Technology
52200	Repairs & Maintenance	52220	Building Maintenance	\$1,200	Firearms Range
56000	Insurance	N/A	N/A	\$58,000	Insurance
57000	Special Projects	57005	Reserve Unit	\$3,000	Reserve Officer
58000	Capital Outlay	58200	Vehicles	\$68,000	Vehicle
58000	Capital Outlay	58300	Equipment	\$2,000	Equipment
<b>Total</b>				<b>\$156,200</b>	



*That's all Folks!*