



2013 OPERATING BUDGET PROPOSAL

Detailed Line Item Narrative

Prepared by Chief Bryan Litsey

Coordinating Committee Meeting - July 18, 2012

PROJECTED REVENUES

(Excluding Required Contributions from Member Cities)

40110 - COURT OVERTIME

Each member city is responsible for reimbursing the department for court appearances attributed to incidents within their respective jurisdiction. Court appearances stemming from mutual aid assistance to other law enforcement agencies are not eligible for reimbursement. Court overtime varies from year-to-year and the amount reflected under this category is an estimate based upon past experience. It is important to note that fine revenues generated by SLMPD enforcement efforts goes directly to the member city in which the violation occurred.

40120 - EXCELSIOR PARK & DOCK PATROL

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 position 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 an administration fee.

42100 - STATE POLICE OFFICER AID

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. Unfortunately, what was once a reliable source of revenue has been on the decline since 2008. 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

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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 likely take another year or more until parity is achieved.

42200 - STATE 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 reimbursement 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.

43100 - MINNETONKA SCHOOL DISTRICT

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 funding amount is expected to remain the same for 2013.

43200 - ADMINISTRATIVE REQUESTS

This category includes the revenue received from requests for information and other services. Records are an important internal function of the SLMPD and data requests are received from the public on a daily basis. These include the thousands of reports, photographs and audio/visual recordings generated from medicals, accidents, criminal activity and other requests for service. Revenue from accommodating these requests has been down ever since the state imposed limits on how much could be charged. However, this is more than offset by the increase in revenue generated from accommodating fingerprint requests for employment, adoption and other non-criminal related purposes. Demand for this service continues to be high at a time when fewer law enforcement agencies are

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offering this service for even their own residents. The SLMPD has seized this opportunity to expand its market share by incorporating this service into the many other duties performed by the community service officers. This service is particularly appealing to the public since it is available on evenings and weekends. Processing fingerprint requests is also made easier by the inkless electronic fingerprinting equipment the department was able to obtain through a grant.

43400 - SPECIAL POLICING DETAILS

This category includes additional policing requests over and above the services normally provided by the department. These extra policing requests are billed at rates determined annually with personnel working these details being paid in accordance with their overtime rates. The number of requests vary from year-to-year. The estimated amount in this category is subject to fluctuation, but there is no adverse net effect on the budget since costs incurred are reimbursed by the business, organization, etc. contracting for the service. Fourth of July and Art on the Lake are two of the more high profile events in which sponsors pay for an additional police presence. Other events include the Pond Hockey Tournament, Lake Minnetonka Half Marathon, Lake Minnetonka Triathlon, Tour de Tonka, Excelsior Firefighters Relief Association Dance and Minnetonka High School Homecoming Parade. One of the more innovative and very successful partnership arrangements with the private sector has been the special policing detail underwritten by Maynard's Restaurant and BayView Event Center/Bayside Grille. These popular lakeside establishments pay to have an additional police presence on weekend evenings during the busier summer months. The SLMPD initiated this pilot project back in 2007 and it has been continued ever since. It is anticipated this partnership arrangement will be renewed in 2013 for a seventh consecutive year.

44000 - INVESTMENT INCOME

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. A meeting held with Beacon Bank representatives in June 2011 set the stage for a closer partnership in managing SLMPD deposits at their financial institution. Immediate changes included converting operational and debt service savings accounts to a new investment opportunity at the bank. These internal transfers at the time resulted in more than twice the rate of return while still maintaining liquidity. The next phase of this renewed investment strategy took place in January 2012. This led to funds being transferred from the 4M Fund (Minnesota Municipal Money Market Fund) 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

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investment income has surpassed each of the past two years (2010-2011) and is on pace to exceed budget projections for this year if there is no decline in interest rates. Staff continues to keep a watchful eye on SLMPD investments in order to maximize the rate of return while adhering to fiscally sound practices.

46400 - FORFEITURES

This reflects unanticipated revenue from forfeitures not accounted for elsewhere. It is subject to extreme fluctuations and in some years there is nothing to report under this category. Proceeds from the sale of vehicles forfeited under the impaired driving laws are not reflected in this category. This money goes directly into the DWI Forfeiture Fund administered in accordance with state guidelines. Please refer to the "Funds Supporting Operations" section of this proposal for a more detailed explanation of this fund. Drug related forfeitures usually stem from enforcement activities through the Southwest Metro Drug Task Force (SWMDTF) of which the SLMPD is a charter member. The proceeds from these forfeitures remain with the SWMDTF to support operations and to keep member contributions extremely low. In fact, member contributions have not gone up for years, even though the primary grant used to fund operations has steadily gone down.

46500 - GRANT REIMBURSEMENTS

Most of the reimbursement under this category is for a special enforcement grant. One exception is the health insurance reimbursement program for police officers disabled in the line of duty. Minnesota Statute 299A.465 requires the employer of a police officer disabled in the line of duty 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 currently has one former police officer who qualifies for this ongoing benefit until reaching medicare eligibility. This obligation is accounted for in the budget each year under health insurance costs. The state provides partial reimbursement to help defray the cost of complying with this law, but the amount has been steadily declining. 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. The special enforcement grant under this category is Toward Zero Deaths. The SLMPD is among a group of law enforcement agencies in western Hennepin County collectively receiving funding through this shared grant. 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 budget is neutral, since this additional overtime expense is offset by the additional funding available through the grant.

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46600 - OTHER REIMBURSEMENTS

Included under this category are the animal boarding fees collected for kenneling stray and/or dangerous dogs. The SLMPD first assumed responsibility for animal control as part of its expanded community service officer program implemented in 2008. Initially, there was an agreement in place with the Mound Police Department to board those dogs not retrieved by their owners within the first day of being impounded. The Mound Police Department discontinued providing this boarding option to other cities and thus the onus fell back on the SLMPD to manage this within the limits of two indoor kennels. The related fines collected on behalf of each member city are defined by ordinance and forwarded to each member city on a quarterly basis. Other miscellaneous reimbursements are also included under this category. Anticipated revenues from this category have been upgraded to more closely align with what actual collections have been.