

NEWS RELEASE

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Approved 2009 Budget Amendment Designed to Ensure City of Eden Prairie's Long-Term Financial Health

EDEN PRAIRIE, MINN. — At its May 19, 2009, meeting, the Eden Prairie City Council unanimously approved an amendment to the City's 2009 General Fund budget designed to address an anticipated \$1-million shortfall in 2009 development revenues.

The projected shortfall is attributed to the economic downturn and the resulting decline in business and residential development. With the Council's approval of the amendment, City staff will implement a plan to balance the 2009 budget and position Eden Prairie for a healthy financial future, while continuing to provide core services and infrastructure improvements, as well as stemming the growth of property taxes.

The plan includes a transfer of \$500,000 from the City's Budget Stabilization Fund, \$200,000 of cost savings in General Fund operating expenses and \$300,000 in personnel cost reductions.

As part of this plan, effective immediately the City has eliminated the positions of six fulltime employees representing all six City departments: one in the Parks and Recreation Department's Recreation Division; two in the Fire Department's Building Inspections Division; one in the Public Works Department's Engineering Division; one in the Community Development Department's Planning Division; and one in the Office of the City Manager.

In addition to the six positions eliminated today, the weekly work hours of two positions, one in the Planning Division and the other in Fire Department's Fire Inspections Division, have been reduced; a vacant position in the Engineering Division has been eliminated; a vacant Housing and Community Services Division position has been reduced from fulltime to halftime; and a vacant officer position in the Police Department has been eliminated.

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Since January, City staff members have identified \$200,000 of cost savings in operating expenses. Additional actions were taken to address the proposed \$300,000 reduction in personnel costs, including the implementation of a hiring freeze, a voluntary early retirement program and reduced work schedule program. While these measures were helpful in moving toward the \$300,000 target, they fell short of the overall goal, which made it necessary to permanently reduce staffing levels.

“The change in the economy required us to take a strategic look at our organization and how to best move forward for the long-term,” said City Manager Scott Neal. “Some positions being reduced are in areas that have been directly affected by the economic downturn and the job functions of all the eliminated positions are being reallocated.”

Neal said that by making these tough decisions now, the City is in a better position for the 2010-2011 budget and beyond, while continuing to provide reasonably priced quality services for Eden Prairie taxpayers.

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