

# **Frequently Asked Questions about the McKinsey report**

## ***“Strengthening Community and Economic Development in the City of Minneapolis”***

### **Why was the McKinsey study begun?**

The past decade has been successful for Minneapolis in many ways, but the city is falling behind in several key areas, including housing, job growth, transportation, and school performance. Taken together, these critical issues are making it harder for our growing and increasingly diverse population to live, work and thrive.

In addition, many residents, businesses, neighborhoods and community groups report that it is difficult to work with the city on planning and development issues because the related departments and agencies are so fragmented. As a result, worthwhile plans created by neighborhoods and developers sit on the shelf, unrealized. In addition, many in the city have raised criticism that Minneapolis was using significant public resources for development projects that did not address critical community needs.

Finally, and perhaps most importantly, Minneapolis cannot continue to conduct its community development business as usual. Nearly \$1 billion was spent on development by the Minneapolis Community Development Agency (MCDA), the Neighborhood Revitalization Program (NRP) and the Planning Department during the past five years, but the city saw a net increase of only 52 housing units and job growth significantly lagging the suburbs and national averages. The MCDA currently spends approximately \$8 million more each year than it brings in. Recent changes in state tax law and the economic slowdown mean that the city will have less development funding in the future. It is clear that we must focus our development agenda and use our development dollars more effectively. The City of Minneapolis engaged McKinsey & Company to help determine how to address these critical issues.

### **How did McKinsey conduct its study?**

An internationally known consulting firm, McKinsey & Company is providing its expertise to the city on a pro-bono (no cost) basis. Since beginning this study in January, the McKinsey team has directly interviewed and received written input from more than 1,200 stakeholders, including members of City of Minneapolis boards and commissions, city staff, elected officials, business and financial leaders, the philanthropic sector, neighborhood and community leaders, and the general public.

The McKinsey team has also reviewed more than 125 reports and other documents and performed in-depth financial, process and organizational analyses of development in Minneapolis. The results of this research and analysis were presented to the Mayor and City Council and posted on the city's Web site in April.

Since then, McKinsey has developed a comprehensive set of recommendations, which were presented at a Minneapolis City Council Study Session on June 14, 2002 and posted on the city's web site. McKinsey will continue to work with the Mayor and City Council as they review their recommendations, gather input from internal and external stakeholders, and consider which of these recommendations to move forward.

## What does the McKinsey report recommend?

The McKinsey report identifies several major issues that the city needs to address in order to improve its community and economic development situation, including financial, strategic and organizational barriers. To address these issues and overcome these barriers, the McKinsey report recommends that the city take three actions:

- I. **Set clear, citywide development goals:** Agree on development priorities and establish goals for the city's top priority development issues, in order to focus scarce public resources on the development issues the public values most.
- II. **Change how projects are chosen and measure progress:** Adopt new processes to ensure better strategic planning and development management so that achievement goals can be measured and the city is accountable to the public about its progress.
- III. **Improve how the city manages projects and delivers services:** Change the development organization to increase accountability, improve coordination, and align the organization with stated city priorities. Create an Office of Community Planning and Economic Development to align the development and planning process and to make it easier for the public to do business with City Hall.

## How would this make it easier to do business with the city?

A core element of McKinsey's recommendations is the establishment of a Development Services department responsible for streamlining development planning and approvals, including a One-Stop Shop for all city reviews, inspections and licenses. Setting citywide development goals would also make it easier for neighborhoods and developers to predict whether the projects they envision will receive the support and assistance of the city.

## How would these recommendations affect city staffing and budget?

The point of McKinsey's recommendation is to reorganize the city's development departments to improve coordination and alignment, and enable the city to accomplish more with the same resources. The recommendations in the report are neutral with respect to current staffing levels and budget. However, Minneapolis faces significant financial constraints that will require us to find efficiencies in all departments as part of the 2003 budget planning process.

## How would these recommendations affect the NRP?

The McKinsey report recommends creating a Neighborhood and Community Planning Department that gives neighborhood planning groups a leading role in shaping city strategies. The new department integrates all city planning activities from neighborhoods, Planning, MCDA, Public Works, and all other development related departments into one organization. Geographic teams including current NRP staff would support neighborhood-based planning, help with implementation of neighborhood projects, and field neighborhood concerns regarding city development projects. McKinsey recommends that neighborhoods maintain discretion over their funds, but should be encouraged to align spending with citywide development goals.

McKinsey recommends that the new department would be advised by a Neighborhood and Community Planning Policy Board, a body resembling the current NRP Policy Board in composition. This board would administer the NRP program and would also undertake a broader role by overseeing city planning functions.

## **How would these recommendations affect the MCDA?**

The McKinsey report recommends reorganizing the functions of the MCDA, which are core to the city's development effort, within the five departments under the Office of Community Planning and Economic Development. Two of these departments – Housing Development and Business Development – mirror the internal organization that already exists within the MCDA. The new Development Services department would combine some of the functions of MCDA with representatives from all development-related departments. This new structure is designed to improve the alignment, coordination and effectiveness of all city planning and development activity, and to ensure that projects are consistent with citywide development goals.

## **How will the city decide how to proceed with these recommendations?**

The recommendations in the McKinsey report are simply that: recommendations. During the next several months, the Mayor and City Council will conduct a complete review of these recommendations – with the input of all our stakeholders, including the general public – before deciding what action to take and when.

A staff advisory team is also conducting a thorough technical review of the legal, financial and management implications of the report and organizing the community input process. This advisory team includes the directors of the NRP, MCDA and the Planning Department, along with the City Coordinator, and representatives from other city departments.

McKinsey recommends that the city implement an integrated package of actions (rather than taking a piecemeal approach) to overcome the barriers found through the study and improve the performance of Minneapolis' development investments.

Consideration of these recommendations and action by the Mayor and City Council will take place during the regularly scheduled committees and meetings of the Council in the coming months. A schedule of meetings is available on the city's web site. In order to coordinate any proposed organizational changes with the budget planning process for 2003, the Mayor and City Council hope to take initial action on these recommendations by the end of August.

## **More information on McKinsey & Company**

McKinsey & Company is a management consulting firm that helps leading corporations and organizations make distinctive, lasting and substantial improvements in their performance. With approximately 7,700 consultants from 85 offices in 44 countries, McKinsey advises companies on strategic, operational, organizational and technological issues.

McKinsey's nonprofit engagements range from large global projects such as helping the United Nations determine how to best distribute AIDS drugs in Africa to smaller, local efforts such as this project for the city. Recent local pro bono efforts include assisting the Minneapolis Public Schools with high school reform and working with the Capital Cities Partnership and the city of St. Paul to help assess current economic activities in St. Paul. McKinsey has also provided consulting work to Catholic Charities and Audubon Minnesota.

## How can I learn more about the McKinsey report or provide feedback?

A broad community input process, including public meetings and briefings, Web materials and online comment forms and other opportunities are in place for individuals to learn more about the McKinsey report and provide feedback:

### Public Meetings and Presentations

McKinsey & Company staff is presenting their report and recommendations at a number of community meetings in the next six weeks.

- Two city-wide meetings are scheduled, where McKinsey will present its report and answer questions from the public. These meetings, which also include time for attendees to provide feedback on the report, will be held:
  - **6 – 8 p.m., June 26**, North Regional Library, 1315 Lowry Avenue North
  - **6:30 – 8:30 p.m., July 9**, Zuhrah Shrine Center, 2450 Park Avenue South
- McKinsey staff also will present their report at public meetings of several boards and commissions (including the NRP Policy Board, the Minneapolis Planning Commission and the Hennepin County Board) and among constituent groups for businesses, residents, neighborhoods, labor and the foundation community. All public meetings will be posted on the city's Web site and in printed materials as they are scheduled.

### City Cable Channel 14

On June 14, McKinsey & Company staff presented its report to a City Council Study Session. That presentation was broadcast live on city cable channel 14. The taped Study Session is being rebroadcast on channel 14 at:

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|---------------------------------|-------------------------------|
| ■ 7:30 p.m., Monday, June 17    | ■ *8 p.m., Monday, June 24    |
| ■ 7:30 p.m., Wednesday, June 19 | ■ *8 p.m., Wednesday, June 26 |
| ■ 7:30 p.m., Friday, June 21    | ■ *8 p.m., Friday, June 28    |

*\* these broadcasts immediately follow the airing of the City Council Meeting, which means the time may vary slightly*

### Online Web Site

The City of Minneapolis Web site ([www.ci.minneapolis.mn.us](http://www.ci.minneapolis.mn.us)) includes information on upcoming public meetings and contains downloadable copies of the full McKinsey report and recommendations, along with interim reports that were presented earlier to the City Council and Mayor. People will be able to submit their feedback about the report on-line or by sending an email to: [communitydevelopment@ci.minneapolis.mn.us](mailto:communitydevelopment@ci.minneapolis.mn.us)

### At your Public Library

The full McKinsey report and recommendations will be available for viewing at Minneapolis Public Libraries beginning by June 21.

### Comment Boxes

People can submit their comments at City Hall (at the 4<sup>th</sup> Street entrance and at the Mayor's office) and at the MCDA office (Suite 200, 150 Fifth Avenue South).

### US Mail

Individuals can submit their comments on the McKinsey report in writing, to:

Comments: the McKinsey Report  
Office of Public Affairs, Room 301M City Hall  
350 South 5<sup>th</sup> Street, Minneapolis, MN 55415