



Minneapolis
Park & Recreation Board

www.minneapolisparcs.org

2019 Budget Retreat

May 9, 2018

General Fund

- **General Fund**

- The General Fund is the MPRB's main operating fund that reports activities not reported in other funds.

- **General Fund Activities**

- Care & Maintenance of the Park System
- Recreation Facility Operations and Programming
- Planning for Development & Redevelopment of the Park System
- Park Safety & Security
- Executive Management
- Support Services

Budget History



Minneapolis
Park & Recreation Board

General Fund Revenues

- Property Tax
- Local Government Aid (LGA)
- Other Revenue

Property Tax

- The Park Board property tax levy has increased an average of 4.1 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014, and the 20-Year Neighborhood Park Plan which began in 2017.

Park Board Property Tax Levy (in millions)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$48.6	\$50.6	\$52.6	\$58.0	\$60.5
Increase	4.4%	4.3%	3.8%	0.0%	3.0%	0.0%	4.0%	4.0%	10.3%	4.2%
Tree Levy						\$1.0	\$1.5	\$1.7	\$1.7	\$1.8
Increase							45.9%	17.4%	0.0%	1.2%
Total	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$49.6	\$52.0	\$54.3	\$59.7	\$62.2
Increase \$	\$1.8	\$1.9	\$1.7	\$0.0	\$1.4	\$1.0	\$2.4	\$2.3	\$5.4	\$2.5
Increase %	4.4%	4.3%	3.8%	0.0%	3.0%	2.1%	4.9%	4.4%	10.0%	4.1%

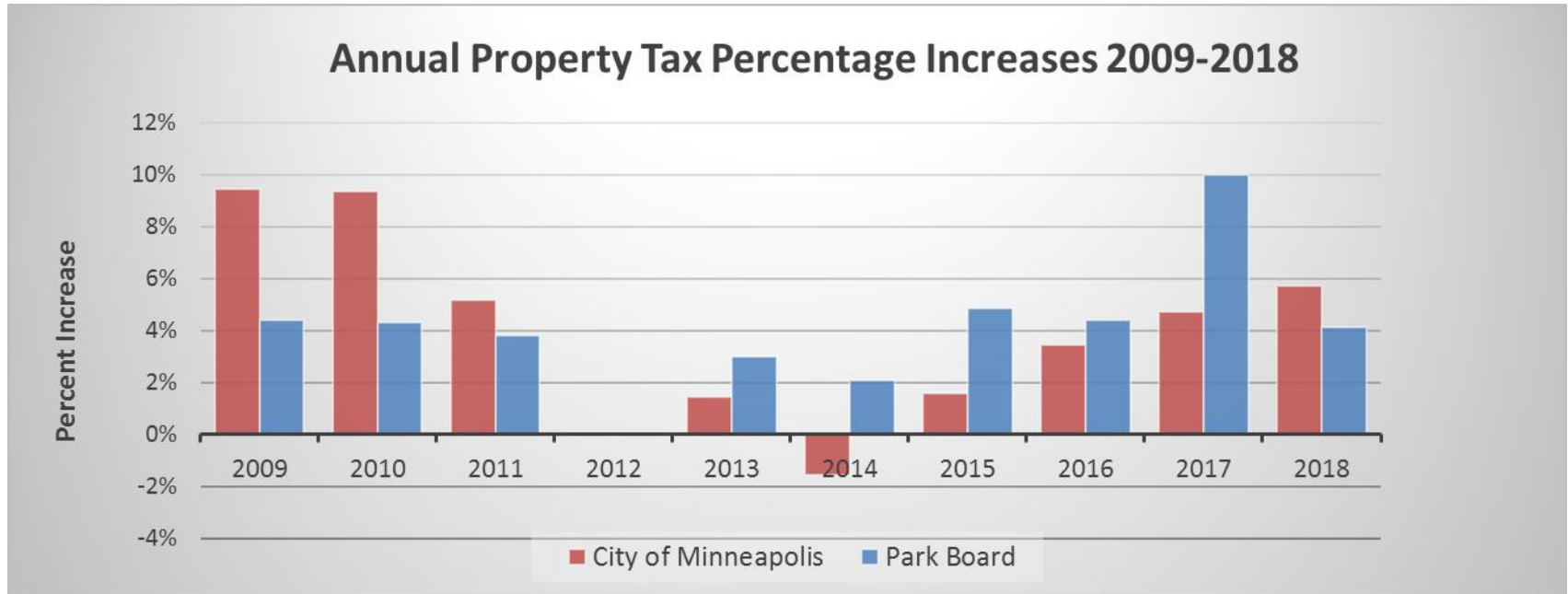
Property Tax (continued)

- City of Minneapolis property taxes have increased an average of 3.9 percent annually for the past ten years.

City of Minneapolis Property Tax Levy (in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Amount	\$192.1	\$210.0	\$220.8	\$220.8	\$224.0	\$220.5	\$224.0	\$231.7	\$242.6	\$256.4
Increase \$	\$16.5	\$17.9	\$10.8	\$0.0	\$3.2	-\$3.5	\$3.5	\$7.7	\$10.9	\$13.8
Increase %	9.4%	9.3%	5.2%	0.0%	1.5%	-1.6%	1.6%	3.4%	4.7%	5.7%

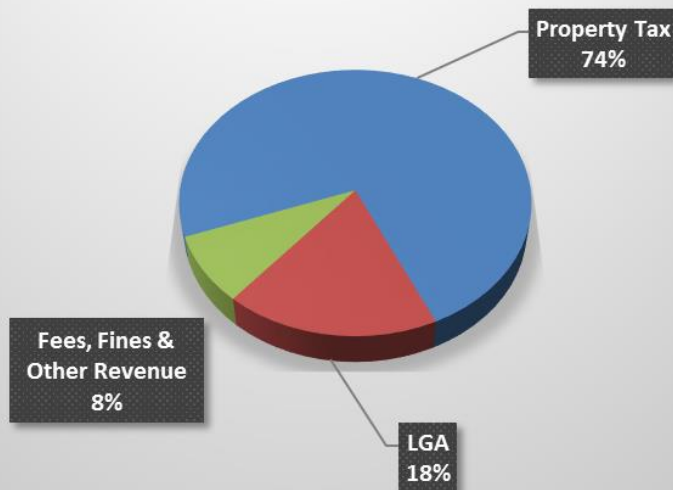
Property Tax (continued)



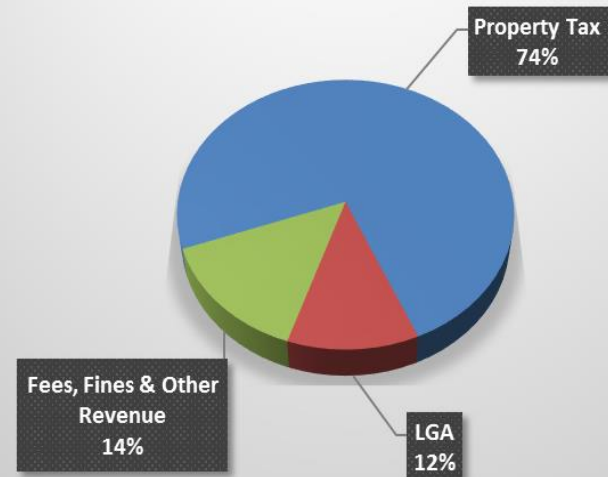
Property Tax (continued)

- The Park Board is heavily reliant on property taxes, and has reduced its reliance on LGA out of necessity, since state aid reductions began in 2007.

2009 General Fund Revenue by Major Sources

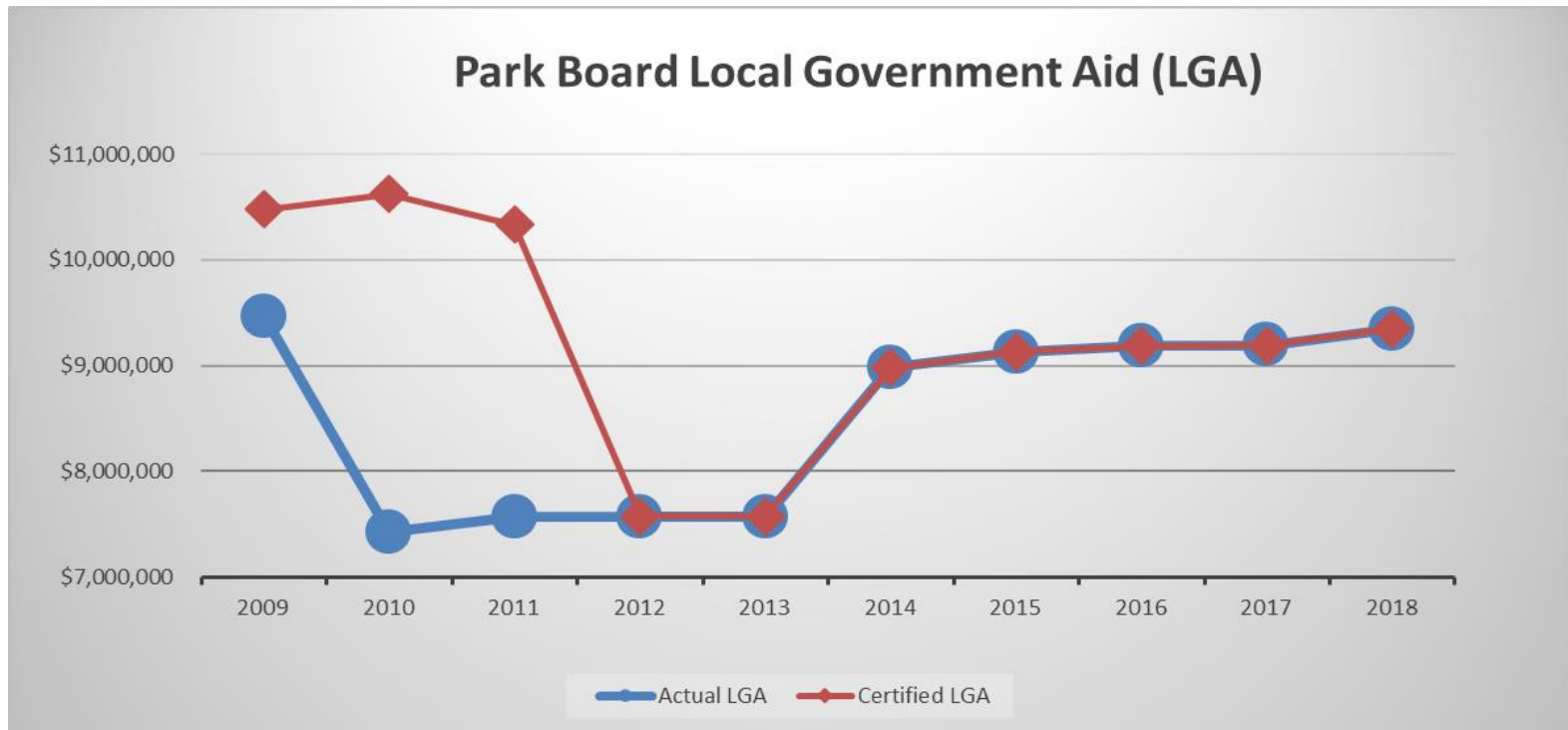


2018 General Fund Revenue by Major Sources



Local Government Aid

- Actions to balance the state budget from 2008-2011 resulted in reduced Local Government Aid (LGA) payments to Minnesota cities. The Park Board lost \$8.5 million in LGA due to the reductions over these four years.
- In 2018 Park Board LGA was increased by \$152,000.



General Fund Other Revenue

- Other revenue includes:
 - License, permit and service fees
 - Grants and donations
 - Building and grounds rentals
 - Fines
 - Overhead Charges, Transfers from other funds, Pension Credits
- In the 2013 budget a number of activities were moved from the enterprise fund to the general fund, resulting in greater fee revenue in the general fund

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (Budget)
\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$9.9	\$9.9	\$10.0	\$11.6

General Fund Expenditures

- General Fund Operating Budget History
- Capital Funding
- Full-Time Employees

General Fund Operating Budget History

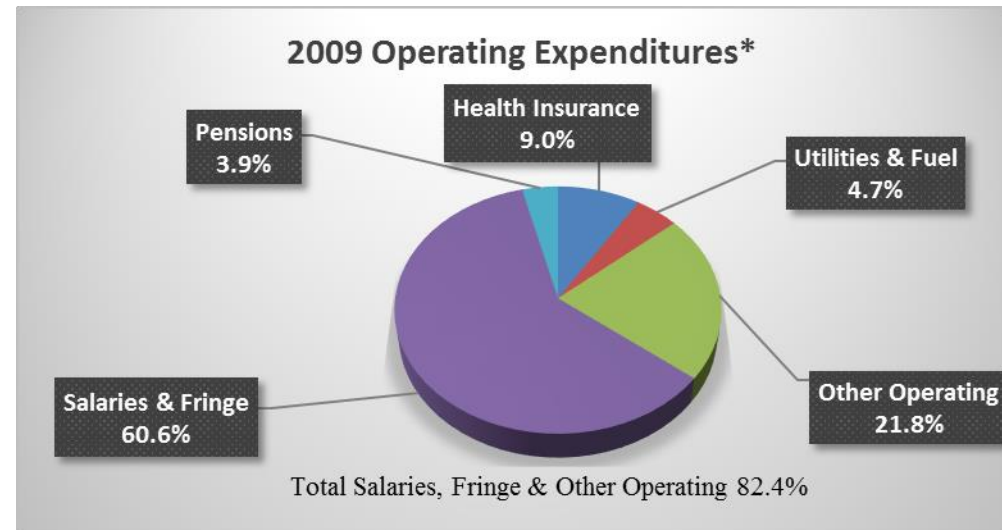
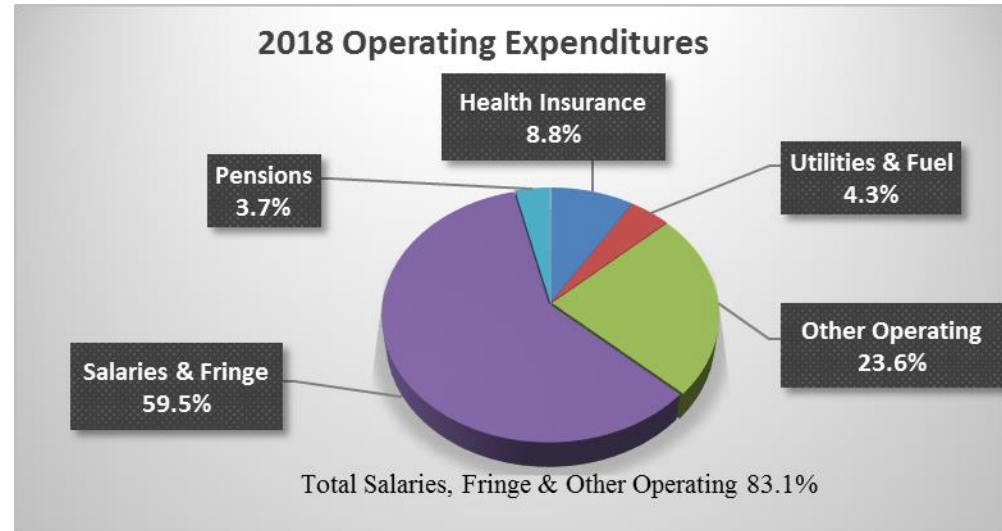
- Park Board General Fund operating budget has increased \$21.8 million, or 39 percent in ten years.
 - Fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
 - NPP20 operations funding of \$3.0 million (4 percent) was added to the General Fund in 2017.
- Increases in health insurance premiums, pension contribution rates, and utility costs directly reduced the amount of funding available for programs and services. Recent increases in state aid, property tax revenues, and the moderating of health insurance increases has helped improve Park Board finances.

Operating Budget History (in millions)*										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Amount	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7	\$68.4	\$73.8	\$77.7
Increase	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%	4.1%	7.9%	5.3%

*Does not include tree preservation & reforestation levy

General Fund Operating Budget History (continued)

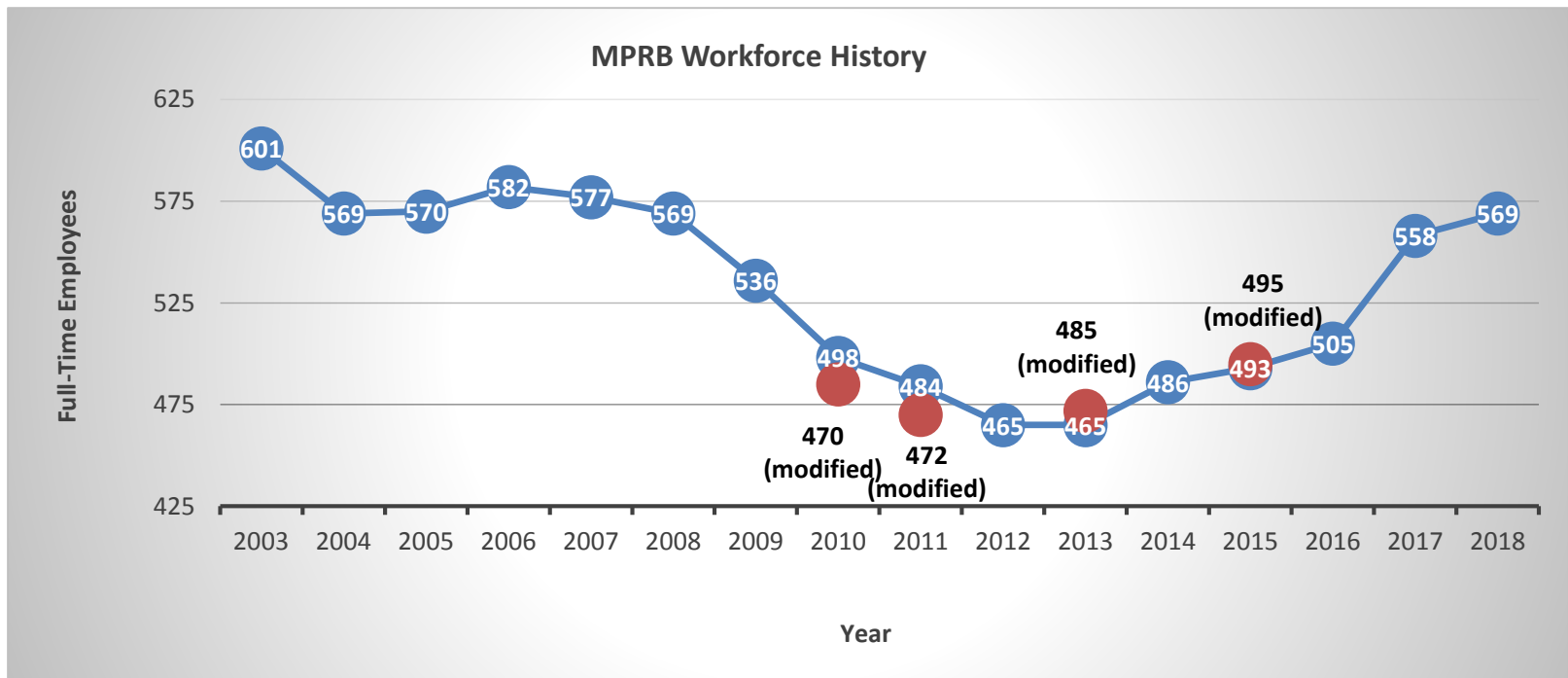
Total salary, fringe and operating funding percentages are similar in 2009 and 2018, however costs for mobile equipment and technology have increased by \$2.6 million as the Park Board has worked to stabilize internal service funds and improve operating efficiencies and service delivery through the use of technology.



*includes the same activities as 2018 Operating Expenditures

Full-Time Employees (all funds)

- 117 full-time positions, 20 percent of the workforce was eliminated between 2006 - 2012
- Since 2012, the workforce has been increased by 104 full-time positions, including 45 positions from NPP20.



Budget Outlook



Minneapolis
Park & Recreation Board

Federal Legislative Update

- Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
 - In 2015 Minneapolis received a \$500,000 LWCF funding through the Pilot Competitive Grant Program for RiverFirst
 - A joint MPRB and City of St. Paul Urban Waters Federal Partnership. This work being re-envisioned with ICMA.
- With the change in presidential and congressional leadership at the federal level, MPRB's legislative agenda focuses on tracking the following:
 - Fixing America's Surface Transportation Act or "FAST Act"
 - The New Opportunities for Bicycle and Pedestrian Infrastructure Financing Act
 - Re-introduction of the No Child Left Inside Act (NCLI)
 - Personal Health Investment Today (PHIT) Act
 - Support Community Parks Revitalization (CPR) Act (H.R. 343)

State Legislative Update

- The State Legislature is currently in session, with the session set to end May 21. The current status of laws affecting the Park Board Funding include
 - Local Government Aid (LGA) – The House & Senate tax bills do not include an increase in state aid to cities. The House bill does include a provision eliminating Minneapolis’s library aid of \$4.12 million. If this is included in the final bill it could put pressure on the City of Minneapolis’s budget.
 - The Legislative-Citizen Commission on Minnesota Resources has recommended \$500,000 for the Carl Kroening Interpretive Center. The bills supporting the funding are awaiting action.
 - The Senate’s environmental finance bill contains a provision that would reduce the Metro Regional Park operations and maintenance funding.

City Update

- Legislation passed in 2017 eliminates \$10,000,000 per year in state funding for the Minneapolis Employees Retirement Fund. This may require the City of Minneapolis to levy additional property taxes to fund a portion of the \$10,000,000. The Park Board's share of the \$10,000,000 will be paid through the City property tax levy and an increased contribution from the Enterprise & Internal Service funds of approximately \$65,000.
- The City of Minneapolis five-year financial direction calls for Park Board property tax levy increases of four percent from 2019 through 2021, 1.4% in 2022, and four percent in 2023.
- The City of Minneapolis is assuming health insurance costs will increase five percent per year. On January 1, 2018 the City implemented a single-employer, self-insured medical plan. The plan provides the opportunity for potential cost savings through reduced state and federal taxes and administrative fees and greater control over annual increases.

City Update - Minimum Wage

- The City of Minneapolis minimum wage ordinance went into effect January 1, 2018. The Park Board follows the Large Business minimum wage amounts.
- The minimum wage impacts on the Park Board budget are shown below. These amounts are built into the five-year budget projections.

Minimum Wage Impacts

Year	Date	Wage	General Fund	Enterprise Fund
2018	1/1/2018	\$10.00	\$6,727	\$24,276
2018	7/1/2018	\$11.25	\$180,089	\$40,844
2019	7/1/2019	\$12.25	\$376,152	\$82,548
2020	7/1/2020	\$13.25	\$415,118	\$85,094
2021	7/1/2021	\$14.25	\$446,582	\$86,954
2022	7/1/2022	\$15.00	\$436,625	\$76,385
2023	full year	\$15/hour	\$202,372	\$32,821
Total			\$2,063,663	\$428,920

MPRB Property Tax Levy

Minneapolis Park & Recreation Board Total Certified Property Tax Levy				
Current Service Level Increase				
	2018 Adopted	2019 Projected	Change	% Change
Minneapolis Park Board	60,450,000	63,835,000	3,385,000	5.6%
Tree Preservation & Reforestation	1,752,000	1,818,000	66,000	3.8%
Park Board Total	62,202,000	65,653,000	3,451,000	5.5%

- The \$3.45 million, 5.5% increase in Park Board property taxes is a 1.0% increase on total City of Minneapolis property taxes.
- Every 1 percent increase in Park Board Property Taxes generates \$615,800 for the Park Board, and increases the average homeowners (\$249,000 median value) property taxes by approximately \$2.72.

General Fund Budget 2019

Revenue Increase (based on 5.6% General Fund property tax increase)	\$ 3,351,323
Provision For Wage and Benefit Adjustments	\$ 2,136,934
Health Insurance Increase	\$ 342,730
Other Operating Expenditures	\$ 871,659
Expenditure Increases	\$ 3,351,323
Balanced 2019 General Fund Budget	\$ 0

*Does not include tree preservation & reforestation levy

General Fund Five-Year Projections

General Fund Property Tax Levy Increase		5.6%	4.1%	4.7%	4.7%	3.6%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2018	2019	2020	2021	2022	2023
Property Taxes	59,845,051	63,196,374	65,787,425	68,879,434	72,116,768	74,712,971
Local Government Aid	9,345,764	9,345,764	9,345,764	9,345,764	9,345,764	9,345,764
Fees, Fines and Other Revenues	11,569,846	11,569,846	11,569,846	11,569,846	11,569,846	11,569,846
Total Revenue	80,760,661	84,111,984	86,703,035	89,795,044	93,032,378	95,628,581
Full-Time Wages & Fringe	39,815,218	41,190,040	42,323,483	43,466,217	44,639,805	45,845,080
Part-Time Wages & Fringe	9,264,365	10,026,477	10,642,125	11,301,549	11,964,162	12,406,817
Health Insurance	6,854,591	7,197,321	7,557,187	8,381,628	9,237,291	9,699,156
Other Expenditures	21,746,487	22,618,146	23,093,127	23,578,083	24,073,223	24,578,760
Operating Costs	77,680,661	81,031,984	83,615,922	86,727,477	89,914,481	92,529,814
Neighborhood Park Capital Levy	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000
Operations Facilities	500,000	500,000	500,000	500,000	500,000	500,000
Park Land Acquisition Reserve	400,000	400,000	400,000	400,000	400,000	400,000
Total Expense	80,760,661	84,111,984	86,695,922	89,807,477	92,994,481	95,609,814
Estimated Gap	0	0	7,113	(12,433)	37,896	18,768

*Does not include tree preservation & reforestation levy

Racial Equity and the Budget Process



Minneapolis
Park & Recreation Board

Racial Equity and the Budget Process Update

- Current Processes
 - Criteria Based System for Capital and Rehabilitation Neighborhood Park Project Scheduling Ordinance development and adoption
 - Criteria Based System for Regional Park Capital and Rehabilitation Allocations Ordinance development and adoption
 - Criteria Based System for Recreation Center Funding Allocations development and implementation
 - Budget impacts and requests utilized a racial equity tool

- Additional Budget Processes implemented for 2019 budget development
 - Criteria based system for Asset Management Department operating budget will be established and utilized

Maximum Property Tax Levy



Minneapolis
Park & Recreation Board

Board of Estimate & Taxation

In 1919 an act of the State Legislature created the Board of Estimate Taxation in the City of Minneapolis

- Membership - the Board consists of six members:
 - Mayor or designate
 - City Council President
 - Chairperson of the Ways and Means/Budget Committee
 - Park and Recreation Board Commissioner
 - Two members elected city-wide for four-year terms

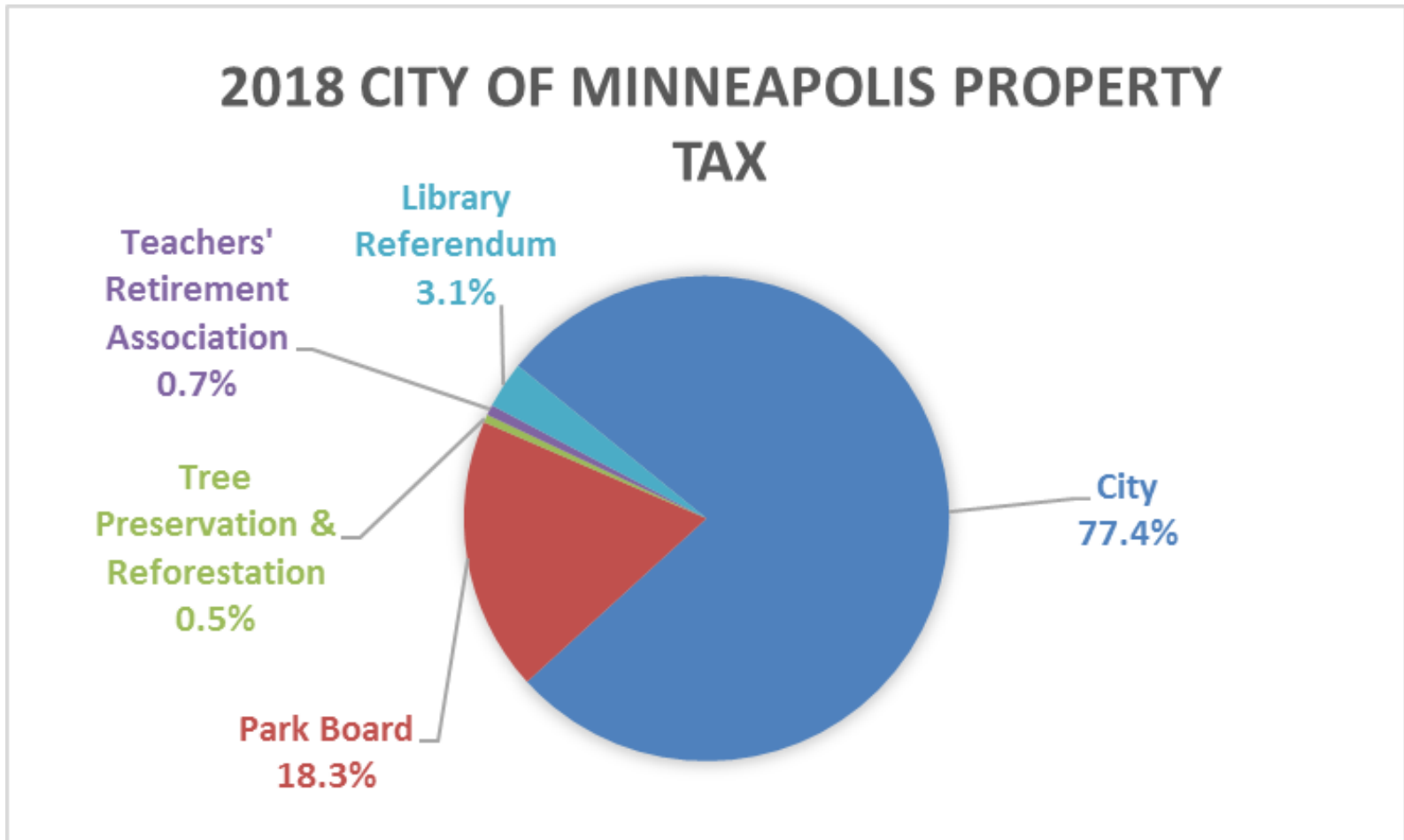
Board of Estimate & Taxation

- As required by State Law, the Board of Estimate and Taxation sets the maximum property tax levy for the City of Minneapolis, Minneapolis Park and Recreation Board, Municipal Building Commission, and Public Housing Authority
 - The MPRB by resolution requests annually the property tax levy maximum amount that the Board of Estimate and Taxation should set for the MPRB
 - A public hearing is held to obtain citizen input regarding the setting of the maximum property tax increase
 - The Board sets the maximum annual property tax levy increase on or before September 30 of each year for the next budget year
- The Board is also entrusted to incur indebtedness for municipal purposes on request of the City Council
 - Issues and sells General Obligation Bonds in support of the Capital Program (excluding Tax Increment Bonds)
 - Without the Board of Estimate and Taxation the City would have to go to the State Legislature for approval to issue bonds

Board of Estimate & Taxation

City of Minneapolis Property Tax Levies			
<u>City Tax Levies</u>	<u>2017</u>	<u>2018</u>	<u>Increase</u>
General Fund	\$176,852,000	\$189,453,000	7.13%
Bond Redemption Fund	37,800,000	39,350,000	4.10%
Permanent Improvement	500,000		
Municipal Building Commission	4,954,000	5,103,000	3.01%
Board of Estimate & Taxation	180,000	190,000	5.56%
Fire Relief Association	1,700,000	1,700,000	0.00%
Police Relief Association	9,410,000	7,710,000	-18.07%
Minneapolis Employee Retirement Fund	11,200,000	12,900,000	15.18%
Total City	\$242,596,000	\$256,406,000	5.69%
Park & Recreation Board	\$58,013,000	\$60,450,000	4.20%
Tree Preservation & Reforestation	1,732,000	1,752,000	1.15%
Total Park & Recreation Board	\$59,745,000	\$62,202,000	4.11%
Teachers' Retirement Association	\$2,300,000	\$2,300,000	0.00%
Library Referendum	\$9,300,000	\$10,300,000	10.75%
Total	\$313,941,000	\$331,208,000	5.50%

Board of Estimate & Taxation



Property Taxes

Estimated 2018 Property Taxes paid by Minneapolis Residents

Parks 8¢

City 33¢

Schools 25¢

County 30¢

Other 4¢



Property Taxes

Property Taxes on Individual Properties

Several factors beyond the change in amount levied affect the annual change in property tax owed on a particular property. Each of these variables may change on a yearly basis, occasionally resulting in sizeable changes in the amounts of property taxes assessed to any one property.

- tax base composition within property classifications
- tax rate of the jurisdiction
- growth or decline in the value of other properties within the jurisdiction
- properties placed in tax increment financing districts
- improvements to a property

Property Taxes

- Estimated impacts of the 2018 5.5% property tax increase:

Homestead Residential

<u>Market Value</u>	<u>Tax In 2017</u>	<u>Tax in 2018</u>	<u>\$ Change</u>	<u>% Change</u>
166,500	841	902	61	7.3%
225,500	1,221	1,302	81	6.6%
310,500	1,767	1,877	110	6.2%

Assumes residential property average market value increase by 7.7%

Apartment

<u>Market Value</u>	<u>Tax In 2017</u>	<u>Tax in 2018</u>	<u>\$ Change</u>	<u>% Change</u>
1,000,000	7,258	7,727	469	6.5%
5,000,000	36,291	38,637	2,346	6.5%

Assumes apartment property increase by 9% (not including new construction value)

Commercial

<u>Market Value</u>	<u>Tax In 2017</u>	<u>Tax in 2018</u>	<u>\$ Change</u>	<u>% Change</u>
1,000,000	8,082	8,509	427	5.3%
5,000,000	40,409	42,543	2,134	5.3%

Assumes commercial property increase by 7.8% (not including new construction value)

Maximum Property Tax Levy Examples

Minneapolis Park & Recreation Board Total Certified Property Tax Levy				
Current Service Level Increase				
	2018 Adopted	2019 Projected	Change	% Change
Minneapolis Park Board	60,450,000	63,835,000	3,385,000	5.6%
Tree Preservation & Reforestation	1,752,000	1,818,000	66,000	3.8%
Park Board Total	62,202,000	65,653,000	3,451,000	5.5%

- \$65.6 million property tax levy maintains current service levels
- The \$3.45 million, 5.5% increase in Park Board property taxes is a 1.0% increase on total City of Minneapolis property taxes.
- Every 1 percent increase in Property Taxes generates \$615,800 for the Park Board, and increases the average homeowners (\$249,000 median value) property taxes by approximately \$2.72.

Current Service Level Increase Plus \$1 million additional				
	2018 Adopted	2019 Projected	Change	% Change
Minneapolis Park Board	60,450,000	64,835,000	4,385,000	7.3%
Tree Preservation & Reforestation	1,752,000	1,818,000	66,000	3.8%
Park Board Total	62,202,000	66,653,000	4,451,000	7.2%

- The \$4.45 million, 7.2% increase in Park Board property taxes is a 1.3% increase on total City of Minneapolis property taxes.

Maximum Property Tax Levy Examples

Current Service Level Increase Plus \$1.5 million additional				
	2018 Adopted	2019 Projected	Change	% Change
Minneapolis Park Board	60,450,000	65,335,000	4,885,000	8.1%
Tree Preservation & Reforestation	1,752,000	1,818,000	66,000	3.8%
Park Board Total	62,202,000	67,153,000	4,951,000	8.0%

- The \$4.95 million, 8.0% increase in Park Board property taxes is a 1.5% increase on total City of Minneapolis property taxes.

Current Service Level Increase Plus \$3 million additional				
	2018 Adopted	2019 Projected	Change	% Change
Minneapolis Park Board	60,450,000	66,835,000	6,385,000	10.6%
Tree Preservation & Reforestation	1,752,000	1,818,000	66,000	3.8%
Park Board Total	62,202,000	68,653,000	6,451,000	10.4%

- The \$6.45 million, 10.4% increase in Park Board property taxes is a 1.9% increase on total City of Minneapolis property taxes.

General Fund Increase Examples

		\$1.0 Million	\$1.5 Million	\$3.0 Million
		Increase	Increase	Increase
Invest in What Works				
	Teen Teamworks	200,000	300,000	400,000
	Inclusion	20,000	36,000	36,000
	Swimming Lessons		50,000	100,000
	Swim Team		25,000	25,000
	Nite Owlz	80,000	80,000	230,000
	Camps		30,000	50,000
	Pre-School			125,000
	Recruiters			60,000
Increase Access				
	Scholarship/Fee Waivers	250,000	250,000	350,000
	Free Programs	250,000	350,000	700,000
	Adaptive	50,000	100,000	300,000
Innovate				
	Participatory Budgeting	100,000	229,000	750,000
	Innovative New Programming	50,000	50,000	374,000
		1,000,000	1,500,000	3,500,000