



Minneapolis Park and Recreation Board
Financial Status Report
For Year Ending 12/31/08

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Budget Message

The Minneapolis Park and Recreation Board (MPRB) responded early to the economic challenges facing the park system in 2008. The MPRB was proactive and fiscally responsible when developing the 2008 budget, and aggressively monitored and managed the budget throughout the year. By developing effective budget strategies, identifying risks to Local Government Aid funds and implementing a hiring pause, the MPRB was able to effectively control our budget and deliver quality services and programs to our constituents and park visitors.

Budget Strategies and Initiatives

Budget strategies were developed from public input received during the Comprehensive Plan process and budget work sessions held with Commissioners. These strategies guided development of the budget and many of the strategies focused on generating new revenue sources. This report outlines the 10 strategies adopted and the initiatives implemented in 2008.

Revenue Growth

The majority of new revenue generation occurred within the enterprise fund, through golf, ice arena, adult sports, permits and parking operations. The focus on enterprise operations allowed the MPRB to limit fee increases on tax-supported programs and services for youth and families. Because enterprise operations also serve park visitors residing outside of Minneapolis, it allows non-residents to financially contribute to the park system they enjoy.

Local Government Aid (LGA) Funding

For 2008, the MPRB was allotted \$9.7 million in LGA; however in December 2008 the Governor unallotted almost \$1.6 million in LGA funds to the MPRB to balance the State budget. Because the MPRB had identified the risk to relying on LGA funding, it had to dip into its fund balance reserves by only \$709,000 rather than the full amount. The foresight and fiscally responsible actions taken by the MPRB throughout 2008 reduced the year-end impact of the LGA funding cut by approximately \$850,000.

Hiring Pause

By mid 2008, in response to the economic downturn, the MPRB began holding off on filling positions that were vacant. The vacancies were from several departments within the organization.

The MPRB is the steward of the city's greatest resource – its parks. We are committed to the protection and fiscal management of this resource for today and for generations to come.

A handwritten signature in black ink that reads "Jon R. Gurban".

Jon Gurban
Superintendent



General Fund

General Fund Summary

The General Fund is the operating fund of the Minneapolis Park and Recreation Board. It is used to account for all financial resources except those required to be accounted for in another fund.

Revenue generated by the Park Board in 2008 totaled \$54.6 million, down 1.3 percent from the \$55.3 million recognized in 2007. The decrease in revenue is the result of the Governor's \$1.6 million reduction to the Park Board's December, 2008 Local Government Aid payment.

In 2008 actual expenditures totaled \$55.3 million, down .2 percent from the \$55.4 million spent in 2007. The holding of position vacancies kept 2008 expenditures below the budgeted \$55.9 million.

The fund balance for the general fund at fiscal year-end 2007 was \$2.7 million. The 2008 year-end balance fell to \$2.0 million, approximately \$0.8 million below the balance required by the Park Board financial policy. Because the Park Board had identified the risks to relying on LGA funding; fund balance decreased by only \$0.7 million rather than the full amount of the \$1.6 million LGA reduction.

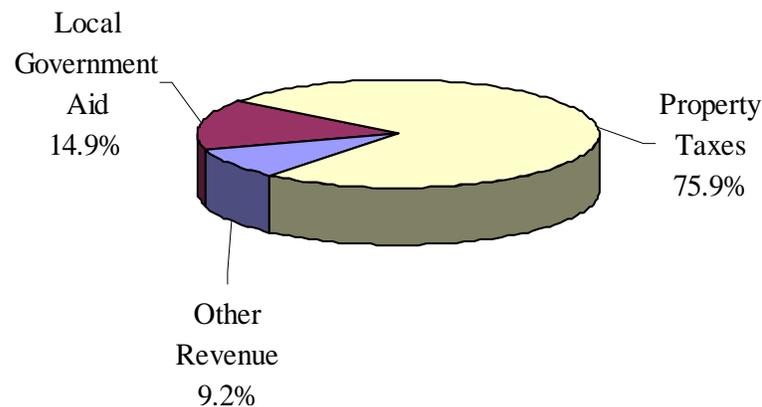
The figures and information in this report have not been audited. The audited 2008 financial information may fluctuate from the information contained in this report.



General Fund Revenues

2008 Revenue by Major Category

| | 2007 | 2008 | | |
|--------------------------------|---------------------|---------------------|----------------------|-----------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Recognized |
| Revenues | | | | |
| Property Taxes and Other Taxes | \$39,761,823 | \$40,942,461 | \$41,435,806 | 101.2% |
| Local Government Aid | 9,900,000 | 9,704,890 | 8,146,017 | 83.9% |
| Fees, Fines and Other Revenues | 5,656,692 | 5,272,970 | 5,003,086 | 94.9% |
| Total Revenues | \$55,318,515 | \$55,920,321 | \$54,584,909 | 97.6% |



Property taxes provided 76 percent of revenue, the largest funding source of the general fund. Property tax collection rates remained steady in 2008, and with delinquent tax collections of \$632,000, property tax revenue exceeded budget by 1.2 percent.

Local Government Aid (LGA) provided 15 percent of revenue, the second largest funding source of the general fund. In December 2008 the Governor reduced 2008 LGA to help balance the state budget. The Park Board’s December 2008 LGA payment was reduced by \$1.6 million. Consequently the Park Board recognized only 84 percent of its budgeted 2008 LGA.

Fees, fines and other revenue provided 9 percent of general fund revenue. Revenue was 5 percent under budget in 2008. There was a decline in demand from other departments for services such as tree removals and in house projects.

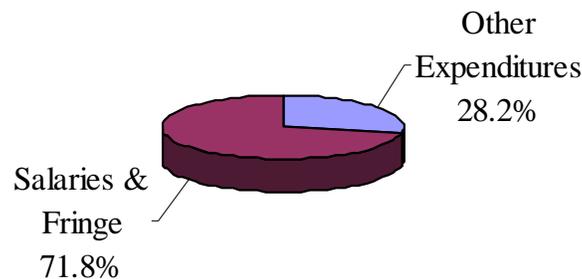


General Fund Expenditures

At the end of 2008, actual expenditures totaled \$55.3 million, down 0.3 percent from the \$55.5 million spent in 2007.

2008 Expenditures by Major Category

| | 2007 | 2008 | | |
|---------------------------|---------------------|---------------------|----------------------|---------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Expended |
| Salaries & Fringe | \$39,472,984 | \$40,633,566 | \$39,675,049 | 97.6% |
| Other Expenditures | 16,001,569 | 15,286,755 | 15,618,972 | 102.2% |
| Total Expenditures | \$55,474,553 | \$55,920,321 | \$55,294,021 | 98.9% |



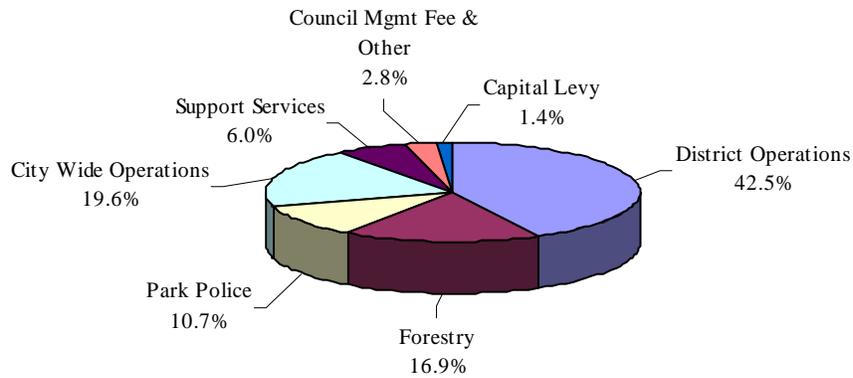
Salaries and fringe benefits ended the year 97.6 percent expended. A number of position vacancies held salaries and fringe benefits costs down.

Other expenditures ended the year 102.2 percent expended. High utility and fuel costs contributed to the overage.



2008 Expenditures by Service Area

| | 2007 | 2008 | | |
|----------------------------------|---------------------|---------------------|---------------------|------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Expended |
| District Operations | \$23,487,705 | \$23,922,050 | \$23,507,514 | 98.3% |
| Forestry | 9,529,937 | 9,734,940 | 9,366,016 | 96.2% |
| Park Police | 5,122,301 | 4,897,146 | 5,904,187 | 120.6% |
| Community Recreation Services | 3,244,493 | 3,346,459 | 2,942,224 | 87.9% |
| Trades | 3,494,780 | 2,867,449 | 2,716,323 | 94.7% |
| Finance and Personnel | 1,293,251 | 1,429,724 | 1,425,982 | 99.7% |
| City Mgmt Fee and Workers Comp | 1,130,018 | 1,565,280 | 1,568,999 | 100.2% |
| Environmental | 1,435,444 | 1,313,888 | 1,275,177 | 97.1% |
| Aquatics and Neiman Complex | 1,304,057 | 1,232,812 | 1,232,796 | 100.0% |
| Planning and Project Management | 1,257,873 | 1,243,135 | 1,182,478 | 95.1% |
| Capital Levy | 736,663 | 1,100,000 | 772,566 | 70.2% |
| Summer Youth Emp-Teen Teamworks | 998,110 | 811,479 | 965,435 | 119.0% |
| Administration | 725,055 | 595,951 | 593,169 | 99.5% |
| Field Services | 706,287 | 546,648 | 532,985 | 97.5% |
| Public Info and Customer Service | 434,254 | 629,094 | 625,262 | 99.4% |
| Board of Commissioners | 574,325 | 684,266 | 682,908 | 99.8% |
| Total Expenditures | \$55,474,553 | \$55,920,321 | \$55,294,021 | 98.9% |



2008 expenditures ended the year under budget by \$626,300. Three service areas made up approximately 79 percent of the General Fund expenditures: District Operations, Forestry, and City Wide Operations. Small percentage variances in any of these service areas can significantly impact total expenditures.

Department Highlights

District operations accounted for 42.5 percent of 2008 expenditures. District spending was under budget by \$414,536, or 1.7 percent of the \$23.9 million appropriation. The holding of position vacancies and management control over operational spending resulted in this savings.



City Wide operations accounted for 19.6 percent of 2008 expenditures. The City Wide operations budget was under budget by \$514,452, or 5.3 percent of the \$11.4 million appropriation. The departments listed below are included in City Wide operations.

Aquatics and Neiman Complex expenditures in 2008 of \$1.2 million were down \$71,261 from 2007 and met budget in 2008. Management of lifeguard hours and the North Commons Water Park/YMCA partnership assisted in reducing operating costs.

Community Recreation Services include Youth Development, Adults Sports, Youth Sports, and Special Events. Community Recreation Services ended 2008 under its \$3.3 million budget by \$404,235. Vacant positions and fringe benefit savings account for this.

Summer Youth Employment – Teen Teamworks employed 325 youth throughout the system in 2008. Notable innovations include the “green team” working with Park Board Environmental Services and several community partners. The program drop out rate was lower than past years, causing expenditures to exceed the \$811,479 budget by \$153,956.

Trades managed and prioritized Park department work order requests to ensure budgeted targets were met. Trades ended 2008 under its \$2.9 million budget by \$151,126.

Environmental Services, Field Services, Planning and Project Management expenditures ended 2008 under the \$3.1 million budget by \$113,031. Vacant positions and fringe benefit savings account for this.

Forestry operations accounted for 16.9 percent of 2008 expenditures. Forestry spending was under budget by \$368,924, or 3.8 percent of the \$9,734,940 appropriation. Fewer diseased tree occurrences, position vacancies and fringe benefit savings account for this.

Park Police operations accounted for 10.7 percent of 2008 expenditures. Park Police spending was over budget by \$1,007,041, or 20.6 percent of the \$4,897,146 appropriation. Park Patrol Agents were utilized at a higher rate than was budgeted due to the addition of patrol routes in Minnehaha Falls and the Chain of Lakes in order to provide a greater presence in regional parks. Also, the police bargaining agreement provided for a market rate study of sworn officer salaries. This study was completed in July and resulted in a 5.3 percent wage increase retroactive to January 1, 2008. Officers also received a contractual 2 percent increase in 2008, for a total increase of 7.3 percent. With the elimination of the school liaison contract the Park Police budget absorbed \$100,000 due to officers being assigned to the general fund.

Support Services accounted for 6.0 percent of 2008 expenditures. The Support Services budget was \$3.3 million, and expenditures met budget in 2008. The functions listed below are included in this budget.

| | | |
|--------------------|------------------------|------------------|
| Administration | Board of Commissioners | Customer Service |
| Data Practices | Finance | Human Resources |
| Public Information | Records Management | Risk Management |



2008 Un-audited Year-End Financial Status Report

General Fund Balance

| | 2007 | 2008 | | |
|--|---------------------|---------------------|----------------------|-----------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Recognized |
| Total Revenue | \$55,318,515 | \$55,920,321 | \$54,584,909 | 97.6% |
| Total Expenditures | 55,474,553 | 55,920,321 | 55,294,021 | 98.9% |
| Revenue Over/(Under) Expenditures | (\$156,038) | \$0 | (\$709,112) | |

The fund balance for the general fund at fiscal year-end 2007 was \$2.7 million. Based on un-audited figures, the 2008 year-end fund balance is estimated at \$2.0 million. Because the Park Board had identified the risks to relying on LGA funding; fund balance decreased by only \$0.7 million rather than the full amount of the \$1.6 million LGA reduction. The foresight and fiscally responsible actions taken by the Park Board throughout 2008 reduced the year-end impact of the Local Government Aid funding cut by approximately \$0.9 million.

Park Board financial policy requires fund balance to be maintained at a level of 5% of the current year adopted expenditure appropriation. For year-end 2008 a fund balance of at least \$2.8 million was required. The year-end 2008 fund balance of \$2.0 million falls short of this requirement by \$0.8 million. Replenishment of the Park Board fund balance began in 2009.

| |
|---|
| 2008 Un-audited General Fund Year-End Fund Balance |
|---|

| | |
|--|--------------------|
| Fund Balance, January 1, 2008 | \$2,685,515 |
| Projected Revenues in Excess of Expenditures | <u>(709,112)</u> |
| Projected Fund Balance, December 31, 2008 | 1,976,403 |
| | |
| Fund Balance Requirement (5%) | <u>2,765,266</u> |
| | |
| Fund Balance under Requirement | (\$788,863) |

The figures and information in this report have not been audited. The audited 2008 financial information may fluctuate from the information contained in this report.



Enterprise Fund

Fund Description

The Enterprise Fund is a self-supporting fund established to account for all business-type operations of the Park Board including golf courses, refectories, ice arenas, permits and recreational activities. Operating Income from operations is reserved for capital rehabilitation, construction or improvements as well as debt service and general fund support.

Enterprise Fund Revenues and Expenses by Service Area

| | 2007 | 2008 | | |
|--|---------------------|---------------------|----------------------|-----------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Recognized |
| Operating Revenues | | | | |
| Golf | \$6,615,448 | \$7,045,191 | \$6,729,377 | 95.5% |
| Ice Arenas | 816,571 | 850,000 | 833,674 | 98.1% |
| Parking | 696,860 | 865,000 | 686,549 | 79.4% |
| Permits & Small Business Operations | 1,825,157 | 1,659,493 | 2,513,476 | 151.5% |
| Recreation | 3,082,909 | 3,674,000 | 3,320,392 | 90.4% |
| Total Operating Revenues | \$13,036,945 | \$14,093,684 | \$14,083,468 | 99.9% |
| Operating Expenses | | | | |
| Golf | \$5,789,966 | \$5,789,570 | \$6,126,582 | 105.8% |
| Ice Arenas | 833,755 | 830,000 | 788,076 | 94.9% |
| Parking | 173,704 | 241,000 | 158,481 | 65.8% |
| Permits & Small Business Operations | 1,459,210 | 1,087,141 | 1,465,737 | 134.8% |
| Recreation | 2,889,553 | 3,674,000 | 3,091,205 | 84.1% |
| Total Operating Expenses | \$11,146,188 | \$11,621,711 | \$11,630,081 | 100.1% |
| Operating Income | \$1,890,757 | \$2,471,973 | \$2,453,387 | 99.2% |
| Improvements and Transfers | | | | |
| Improvements | \$233,292 | \$1,122,723 | \$730,353 | 65.1% |
| Debt Service | 1,054,250 | 1,054,250 | 1,054,355 | 100.0% |
| Transfers | 495,000 | 295,000 | 295,000 | 100.0% |
| Total Improvements and Transfers | \$1,782,542 | \$2,471,973 | \$2,079,708 | 84.1% |
| Income After Improvements and Transfers | \$108,215 | \$0 | \$373,679 | |



Department Highlights

Golf operations revenues in 2008 increased 1.7 percent over 2007. Golf expenses were up 5.8 percent over 2007 due to health insurance increases and a shift of related administrative costs from the general fund to the enterprise fund. Golf rounds totaled 233,101 in 2008, down 3,912 from 2007. The decrease in rounds is due in part to the 10 day closure of Meadowbrook Golf Course to accommodate the U.S. Women's Open. The Park Board received \$110,000 for the closure.

Ice Arena operations consist of the Parade and Northeast Ice arenas. Revenues increased 2.1 percent over 2007 and expenses decreased 5.5 percent. Utilities expense at Parade Ice Arena experienced sharp decreases due to more efficient equipment. The equipment was purchased through a program that uses energy savings to pay for the new equipment.

Parking operations revenues decreased 1.5 percent from 2007, while expenses decreased 8.8 percent. Parking fees did not increase from 2007 to 2008, and parking continued to be affected by the 35W bridge collapse. Expenses were down in 2008 due to the consolidation of operations management through the reassignment of one position.

Permits and Small Business operations revenues in 2008 increased 37.7 percent over 2007, while expenses were unchanged. In 2008, permit and event fees were increased which contributed to the \$688,319 of additional revenue. Permit fees from the Republican National Convention and 35W bridge construction also contributed to the increase.

Recreation operations revenues in 2008 increased 7.7 percent over 2007, while expenses increased 7.0 percent. Increases to adult sports fees along with greater participation in adult soccer, kickball and sand volleyball fueled the increased revenue.

Operating Income

The difference between operating revenues and operating expenses is referred to as Operating Income.

Operating income is used for three purposes; facility improvements, transfers to support the general fund, and debt service. Facility improvements totaling \$730,353 were made in 2008, and Fort Snelling debt service payments and transfers to the general fund were made as budgeted. The additional income after these uses increased working capital in 2008.

Total Operating Income was \$2.5 million in 2008, an increase of 29.8 percent over 2007. The increase was primarily due to the enhanced permit and event fee revenue.



Enterprise Fund Working Capital Balance

The Enterprise Fund working capital balance at year end 2007 was \$358,266. During 2008 department financial operations increased the working capital balance by \$373,679. Based on un-audited figures the Enterprise Fund working capital balance ended 2008 at \$731,945. This increase of 104 percent is due to operating income exceeding expenses, including improvements, transfers and debt service.

| | |
|---|--|
| 2008 Un-audited Enterprise Fund Year-End Working Capital Balance | |
|---|--|

| | |
|--|------------------|
| Working Capital January 1, 2008 | \$358,266 |
| Revenues Over/(Under) Expenses | <u>373,679</u> |
| Working Capital December 31, 2008 | \$731,945 |



Internal Service Funds

Fund Description

The Internal Service Funds provide equipment fleet, information technology services and self-insurance services to Park Board departments.

Internal Service Funds Revenue and Expenses by Service Area

| | 2007 | 2008 | | |
|-----------------------|--------------------|--------------------|----------------------|-----------------------|
| | Actual Year-End | Current Budget | Actual 12/31/2008 | Percent Recognized |
| Revenues | | | | |
| Equipment | \$3,720,618 | \$3,980,426 | \$3,821,453 | 96.0% |
| ITS | 966,099 | 936,594 | 950,315 | 101.5% |
| Self Insurance | 2,246,411 | 2,576,826 | 2,776,527 | 107.7% |
| Total Revenues | \$6,933,128 | \$7,493,846 | \$7,548,295 | 100.7% |
| Expenses | | | | |
| Equipment | \$3,819,349 | \$3,980,426 | \$3,580,660 | 90.0% |
| ITS | 998,281 | 936,594 | 937,840 | 100.1% |
| Self Insurance | 2,317,390 | 2,576,825 | 1,988,448 | 77.2% |
| Total Expenses | \$7,135,020 | \$7,493,845 | \$6,506,948 | 86.8% |

Department Highlights

Equipment Services charge an annual rental fee to Park Board departments for the use of Park Board owned equipment. Equipment revenue was up 2.7 percent over 2007, but below budget due to Park Board departments reducing equipment usage during the year. Equipment purchases were deferred during 2008 in order to increase the equipment fund working capital balance. This caused expenses to be 10.0 percent below budget in 2008.

Information Technology Services (ITS) charged an annual fee to Park Board departments for the use and service of computer workstations and system network support. ITS revenue and expenses met budget in 2008.

As a part of the Park Board's commitment to sustainability, ITS began purchasing Energy Star 4.0 compliant workstations and monitors as a part of its routine hardware replacement program. These energy efficient computers utilize 75% less electricity, resulting in lower utility expenses as well as reduced greenhouse gas emissions.

Self Insurance Services charge an annual premium to Park Board departments to fund activities including workers compensation; property fire and vandalism insurance; and general, automotive and police professional liability. Self Insurance expenditures were 22.8 percent below budget in 2008; workers compensation settlements were lower than 2007. Total expenditures in 2008 were \$2.0 million.



Equipment Services and ITS Working Capital Balance

The Internal Service Fund working capital balance at year-end 2007 was \$898,587. During 2008 department financial operations increased the working capital balance by \$223,024. Based on un-audited figures the Internal Service Fund working capital balance ended 2008 at \$1,121,611.

During 2008 Equipment Services deferred purchasing new equipment resulting in revenues exceeding expenditures by \$240,793. ITS had \$12,475 of revenues in excess of expenditures due to additional workstations being requested by Park Board departments throughout 2008. The final closeout of Park Stores occurred in 2008, with the \$30,244 Park Stores working capital balance eliminated.

2008 Un-audited Internal Service Fund Year-End Working Capital Balance

| | |
|--|--------------------|
| Working Capital January 1, 2008 | \$898,587 |
| Equipment Services Revenue in Excess of Expenditures | 240,793 |
| ITS Revenue in Excess of Expenditures | 12,475 |
| Closing of Park Stores | <u>(30,244)</u> |
| Working Capital December 31, 2008 | \$1,121,611 |

Self Insurance Fund Working Capital Balance

The Self Insurance Fund working capital balance at year-end 2007 was \$2,747,259. During 2008 department financial operations increased the working capital balance by \$788,079. Based on un-audited figures the Self Insurance Fund working capital balance ended 2008 at \$3,606,318. This increase of 28 percent is due to the low amount of claims and settlements during 2008, and the repayment of \$260,000 of capital advance from the Park Board General Fund.

2008 Un-audited Self Insurance Fund Year-End Working Capital Balance

| | |
|---|--------------------|
| Working Capital January 1, 2008 | \$2,818,239 |
| Self Insurance Fund Revenue in Excess of Expenditures | <u>788,079</u> |
| Working Capital December 31, 2008 | \$3,606,318 |





2008-2009 Budget Strategy Initiatives 2008 Year End Report

The Minneapolis Park and Recreation Board 2008 Annual Budget contains ten 2008-2009 budget strategies. The strategies were developed from public input during the Comprehensive Plan process and interactive work sessions held with Commissioners in October of 2007. The strategies were approved in the 2008 budget and incorporated into the Park Board's Financial Policies. The 2008 Annual Budget included initiatives related to these ten strategies. This document details the results of those initiatives during 2008. The strategies and initiatives are written as they appear in the 2008 Annual Budget book on pages 117 to 124. The year end results are given after each initiative. For a copy of the Minneapolis Park and Recreation Board 2008 Annual Budget call 612-230-6423.



Strategy One:

Diversify and grow revenue to assure a sustainable park system.

Initiatives

Grants

Estimated grant submissions attributed to the grant writer are expected to be in excess of \$500,000 for 2008.

| | <u>Submitted</u> | <u>Funded</u> |
|-------------------------|------------------|---------------|
| 2008 Grant Applications | \$174,160 | \$84,100 |

Grant applications did not meet projections because the Grant Coordinator position was vacant due to Local Government Aid (LGA) reductions imposed by the State of Minnesota.

Sailboat Buoys

Sailboat buoy fee increases are estimated to generate an additional \$33,000 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|--------------------|-------------|-------------|-----------------|
| Sailboat buoy fees | \$106,500 | \$147,900 | \$41,400 |

Canoe Racks

Canoe rack fee increases are estimated to generate an additional \$40,000 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|-----------------|-------------|-------------|-----------------|
| Canoe rack fees | \$44,150 | \$71,000 | \$26,850 |

Off Leash Dog Park Permits

Fee increases are estimated to generate an additional \$60,000 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|------------------|-------------|-------------|-----------------|
| Dog Park Permits | \$89,583 | \$139,216 | \$49,633 |

Picnic Shelter/Area Rentals

Picnic shelter fee and policy changes are estimated to generate an additional \$22,000 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|---------------------|-------------|-------------|-----------------|
| Picnic Reservations | \$44,270 | \$105,650 | \$61,380 |

The 2008 picnic shelter policy changes and reopening of four renovated picnic shelters in Waubun increased the number of picnic reservations to 650, a 34% increase over the 485 permits issued in 2007 and revenue generated from this program exceeded original estimates.



Photographer Permits

Still photography permit changes are estimated to generate an additional \$6,000 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|----------------------|-------------|-------------|-----------------|
| Photographer Permits | \$10,670 | \$10,850 | \$180 |

Photographers did not respond well to the fee increases implemented in 2008 and fewer permits were sold. The rate of permit sales is expected to increase as photographers become more familiar with the new rate structure.

Off Road Bike Permits

New off road bike permits for the Wirth Off Road Bike trails are expected to generate \$7,500 in 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|-----------------|-------------|-------------|-----------------|
| Parking Permits | \$0 | \$945 | \$945 |

Rather than requiring off road biking permits, the Park Board implemented a paid parking lot at an existing location closest to the Wirth Off Road Trail.

Park Dedication Fee

The Board approved the park dedication fee ordinance in July 2007; however, the City of Minneapolis has not acted on the ordinance.

The City passed an ordinance on April 10, 2009. The Park Board is in the process of reviewing the ordinance and sending proposed changes to the city.

Local Government Aid

Funds from Local Government Aid (LGA) have been inconsistent over the last five years. If additional LGA funds are received for the 2008 budget, staff recommends including those funds in the Park Board neighborhood park repair and maintenance fund.

The Governor reduced the 2008 Park Board LGA by \$1.6 million in December 2008 to help balance the State budget. Position vacancies and use of fund balance were utilized to absorb this reduction.

Stadium Sales Tax for Youth Sports

In 2008 the Board will initiate discussions with Hennepin County to propose options for utilizing a portion of the stadium tax proceeds on youth activities and youth sports as provided for by state statute.

Hennepin County has not yet determined how the funds for youth activities and youth sports will be allocated. It is estimated that by the end of 2009 the county will have approximately \$4.0 million available to be awarded.



Concession Expansion

In 2008, mobile concessions will be expanded by one to two units.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|--------------------------------|-------------|-------------|-----------------|
| Lake Calhoun Mobile Concession | \$2,838 | \$7,581 | \$4,743 |

Mobile concessions were expanded with another cart added at Lake Calhoun.

In 2008, a request for proposals will be issued for the Lake Harriet concession for the 2009 season. A market survey will be conducted during 2008 to determine what park users would like to have provided in the Lake Harriet concession.

Rather than conducting a market survey for the Lake Harriet concession, neighborhood members were asked to participate on an evaluation committee.

A feasibility study and market study for expanding concession operations at Lake Nokomis will also be completed in 2008.

The feasibility and market study for expansion of concession operations at Lake Nokomis have not yet begun.

Miniature Golf Course and Outdoor Batting Cage

The miniature golf facility and outdoor batting cages at Northeast Park will be completed by summer of 2008.

The development of a miniature golf course was delayed by four months due to plan review and permit delays. Construction is nearly complete and the course will open in 2009. The Outdoor Batting Cage will not be completed as planned; further evaluation determined the venue was not ideal.

Online Merchandise Sales

This area is estimated to generate \$30,000 in net income in 2008.

The Park Board Online Store was launched in November, 2008 and generated \$1,355 in revenue.

Development Fee

The Superintendent was provided with the authority to assess a development fee on any proposal from an outside vendor or developer that would require legal fees and staff time to review.

No development fees were assessed in 2008.



**Strategy Two:
Size assets, workforce and programs at a sustainable level and focus on
quality over quantity.**

Initiatives

Skating Rink Reduction

The savings generated by this reduction will be \$281,050 in 2008. Consistent with trends in user demand, skating areas at Brackett, Waite, Shingle Creek, Harrison, and Loring are eliminated.

This initiative was completed in 2008 and budget savings were realized.

Adjust Hours and Custodial Services at Recreation Centers

Recreation Center building hours will be reduced during times and days of lower use throughout the year. Some custodial hours will be reduced at centers and the work will be managed with existing resources.

This initiative was completed in 2008 and budget savings were realized.

Engineering Services

A vacant position for engineering services will remain open in 2008 due to lack of capital project funding.

This position was eliminated due to lack of funding.

Community Engagement

This position, currently vacant due to an internal promotion, will be eliminated. Duties will be shifted to another position in Community Services.

This initiative was completed in 2008 and budget savings were realized.

Mounted Patrol

At this time, it is cost-effective to temporarily discontinue mounted patrol activities and reassess it when the city has built a stable facility within city limits.

The mounted patrol was eliminated in 2008 and resulted in savings of approximately \$50,000. The City is currently raising funds to construct a horse facility on city owned property. Close interaction with park patrons was maintained through Mounted Patrol officer hours shifting to motorcycle patrols as well as agents hours assigned to bicycle and Ranger ATV patrols.



**Strategy Three:
Develop equitable and results-oriented partnerships.**

Initiative

Coyle Center

Leased by Pillsbury United Communities (PUC), the Coyle Center is currently supported by the MPRB through building operation funding. In 2008, MPRB and PUC staff will jointly review options for the MPRB to sell the Center and lease the land to PUC.

The Park Board and PUC leadership have met and negotiations are ongoing.

**Strategy Four:
Review and address underperforming assets on an ongoing basis.**

Initiative

Fort Snelling Golf Course

Staff will develop options to eliminate the operating deficit associated with the Fort Snelling Golf Course in 2008.

A half time management position was eliminated at the Fort Snelling Golf Course with remaining staff reporting to Hiawatha Golf Course management. The 2007 operating deficit of \$105,000 was reduced by \$42,000.



**Strategy Five:
Promote the use of volunteers to enhance programming and maintenance capabilities within the system.**

Initiative

The Coordinator for Volunteer Programs position was recently vacated. The position will once again be responsible for obtaining additional corporate volunteers and coordinating volunteer efforts and opportunities across all of the organization. The result will enhance volunteer resources available to the organization.

The position of Coordinator for Volunteers and Community Partnerships was filled in March of 2008. The Volunteer Department coordinated the efforts of 40+ groups resulting in more than 10,000 hours of volunteer work in the parks. The Volunteer Department also started implementing new volunteer recruitment and retention programs; has developed new volunteer department guidelines and forms; and has continued to nurture partnerships with area corporations, universities, non-profits and other volunteer serving organizations.

**Strategy Six:
Develop equitable fees based on ability to pay, and assure that basic services remain accessible.**

Initiative

Field Use Fees

Fee rates have not been adjusted for five years; fee increases and decreases are based on market rates.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|-------------------|-------------|-------------|-----------------|
| Field Use Permits | \$218,597 | \$311,516 | \$92,919 |

Aligning the field use fees to market based rates has increased overall usage and 2008 revenues have increased by 43% over 2007.



Strategy Seven:

Promote sponsorship, innovation and entrepreneurial approaches as a means to sustain and expand programs and facilities.

Initiatives

The Sculpture Garden and Cowles Conservatory

Management of the Sculpture Garden and the Conservatory will shift to the enterprise operation. The Sculpture Garden programming will be enhanced by expanded use for weddings and other rentals. Options to significantly change the operation of the Conservatory will be developed by June 2008.

| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
|------------------------------|-------------|-------------|-----------------|
| Sculpture Garden & Cowles | \$7,800 | \$19,638 | \$11,838 |

Responsibility for booking and staffing these venues was moved from the Recreation department to Customer Service.

Sponsorship

Sponsorship income will be used for environmental initiatives of the East Phillips Community Cultural Center.

A sponsorship with Lowes was completed in 2008 and resulted in \$90,000 of energy efficient appliances and improvements to our park system.

The current beverage contract will expire in 2009 and will be bid out in 2008. This will be a five-year agreement and will provide funding for one-time initiatives that will enhance the park system and provide for revenue generating operational improvements.

A request for proposals (RFP) was issued in 2008. Based on Board discussion during the budget work session regarding childhood obesity and the role of carbonated beverages, the RFP was retracted and a one year extension of the current contract will be negotiated for 2009. The Board will recommend a process to engage the community in the development process for the next RFP.

Sustainability Coordinator

A Sustainability Coordinator will be hired in 2008.

GreenMark, an environmental consulting firm, was retained in 2008 to analyze the Park Board sustainability plan and recommend implementation steps. A draft of their report, including recommendation on the sustainability coordinator position, will be presented to the Board on May 20, 2009. The sustainability coordinator position remains vacant due to the reductions in LGA.



U.S. Women's Open

The 2008 U.S. Women's Open will be held at Interlachen Country Club, adjacent to Meadowbrook Golf Course. A use agreement has been negotiated that will provide funding to the Minneapolis Park and Recreation Board.

The agreement was executed in 2008 and the event was successful, providing \$110,000 of funding to the Park Board.

Administrative Tickets

The use of administrative tickets will be expanded to off leash dog permits, bus on parkway permits, photographer permits, off road bike permits and cross country ski permits.

This program expansion has not yet been implemented. Currently management is researching administrative ticket processes and has developed four potential options for off leash dog administrative tickets.

Stores Function Changes

A review of the Stores function was conducted in 2007 to determine whether the service should be continued. As a result of the study findings, the Stores function will be eliminated in 2008. A purchasing coordinator will be hired and the two positions associated with Stores will be reassigned.

The Park Stores operation was closed in the spring of 2008. The staff positions were assigned to other operating departments and existing inventory was liquidated.

East Phillips Center Operations

In preparation for the opening of a new facility at East Phillips Park in 2010, staff will develop options for the Board on staffing and financing facility operations.

The report was completed and the facility remains in development.

125th Anniversary

The Foundation for Minneapolis Parks is publishing a book on the history of the park system.

The book "City of Parks: The Story of Minneapolis Parks" was released in July with purchases available online and at Park Board headquarters.

Park Board staff are planning several events as part of the 125th Anniversary celebration.

Staff focused its efforts on creating awareness of the Park Board's anniversary during existing events, including Earth Day and the July 4th Red White and Boom. The anniversary was featured in the Summer Guide and a new history section was launched on the web site. In addition, a 125th Anniversary logo was developed and is in use, and all Park Board staff attended a presentation by the author of "City of Parks: The Story of Minneapolis Parks".



Strategy Eight:

Generate income from external groups by appropriately valuing park usage while considering impact to park users.

Initiatives

Bus on Parkway

Fee schedules are estimated to generate \$4,500 in 2008.

| | | | |
|------------------------|-------------|-------------|-----------------|
| | <u>2007</u> | <u>2008</u> | <u>Increase</u> |
| Bus on Parkway Permits | \$2,765 | \$20,650 | \$17,885 |

Event Participation Fees

The participation fees charged to events will be modified in 2008. The use of the park system by outside groups is a commodity that has been undervalued and will provide critical funds given the limitations on the use of property taxes to support the park system.

| Event | Date(s) | Participants | 2007 Actual Fees | 2008 Actual Fees |
|-------------------------|------------|--------------|------------------|------------------|
| Pond Hockey | Jan. 20-23 | 1,500 | \$20,856 | \$35,605 |
| Loppet | Feb. 5 | 2,000 | \$7,522 | \$13,800 |
| Get in Gear | Apr. 20 | 5,000 | \$14,923 | \$29,321 |
| Stone Arch Art Festival | Jun. 16-18 | 80,000 | \$14,559 | \$17,432 |
| Triathlon | Jul. 15 | 2,700 | \$46,257 | \$62,412 |
| Aquatennial | Jul. 15-23 | 95,000 | \$10,735 | \$15,911 |
| Uptown Art Fair | Aug. 4-6 | 400,000 | \$13,290 | \$16,240 |
| City of Lake 25K | Sep. 10 | 2,000 | \$8,356 | \$11,452 |
| Twin Cities Marathon | Oct. 7 | 8,000 | \$118,450 | \$124,068 |
| TOTAL | | | \$254,948 | \$326,241 |

The Park Board negotiated and implemented a two year plan with all previous permit holders.

Commercial Use of the Parks

A new fee schedule which values exclusive use of parkland for a private event by park type. This fee is estimated to generate \$60,000 in 2008.

| | |
|--------------------|-------------|
| | <u>2008</u> |
| Private Event Fees | \$55,000 |

A new fee schedule which values exclusive use of parkland for a public event by park type. This fee is estimated to generate \$40,000 in 2008.

| | |
|-------------------|-------------|
| | <u>2008</u> |
| Public Event Fees | \$43,500 |



Strategy Nine:

Produce Park Board events as a means to provide maximum financial benefit, and require appropriate financial return for events not produced by the Park Board.

Initiatives

Concert Series

This series is estimated to generate \$50,000 in 2008. Provide an admission-based concert series at Boom Island. The Board will control each event and contract with a promoter to develop the series with a 20% surcharge on admission tickets.

The Park Board is in the planning stages of concert activities. Negotiations were begun with one group but were cancelled for budgetary reasons.

City Wide Golf Championship

This event is estimated to generate \$25,000 in 2008. A citywide golf championship with a scramble format will be held at Park Board golf courses to benefit youth sports.

The citywide golf championship did not occur in 2008. A smaller tournament was hosted involving 20 players netting \$800.00 for the Park Board.

Minneapolis Bike Tour

The 2008 Minneapolis Bike Tour is estimated to generate \$150,000 for the Foundation for Minneapolis Parks.

The event was successful with 3,400 participants and generated revenue of \$31,000. Revenue was lower than anticipated due to poor weather conditions on the date of the event.



Strategy Ten:

Provide staff training and professional development to maintain an effective workforce.

Initiative

Training

\$9,000 is allocated to provide staff training with a focus on supervisory skills and promoting respectful workplaces.

Eight specialized safety training sessions were held throughout the park system in October and November 2008. These sessions were designed for the various groups employed at the Park Board, focusing on ergonomics, lock-out, tag-out, hazardous materials, and other OSHA requirements. The Park Board safety program promotes safe and healthful work conditions. Safe workplaces lead to increased productivity, higher morale, lower medical expenses and lower workers' compensation injuries and premiums.

Human Resources staff attended labor and employment law seminars to prepare for upcoming law changes. Topics included: Family Medical Leave Act new regulations, EEOC, unionized environments, workers' compensation, Fair Labor Standards Act, and religion in the workplace.

Information Technology staff provided training for 50 staff on email file management.

Workers' Compensation Review

The Park Board approved a contract with Towers, Perrin, Forster & Crosby to conduct a review and analysis of the Park Board's Workers' Compensation Self-Insurance program and an actuarial audit.

The analysis of the Workers' Compensation Self- Insurance program was completed and several recommendations regarding program management have been implemented to reduce costs associated with workplace injuries. New procedures have been developed and improved monitoring of existing injuries and claims has resulted. There is now an increased focus on return to work, with staff identifying jobs that injured workers can perform within their medical restrictions.