
Minneapolis Park & Recreation Board
Budget Retreat
May 11, 2016



Budget History



General Fund Revenues

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

Property Tax

- The Park Board property tax levy has increased an average of 3.6 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014.

Park Board Property Tax Levy (in millions)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Fund | \$40.0 | \$41.8 | \$43.6 | \$45.5 | \$47.2 | \$47.2 | \$48.6 | \$48.6 | \$50.6 | \$52.6 |
| Increase | 5.1% | 4.4% | 4.4% | 4.3% | 3.8% | 0.0% | 3.0% | 0.0% | 4.0% | 4.0% |
| Tree Levy | | | | | | | | \$1.0 | \$1.5 | \$1.7 |
| Increase | | | | | | | | | 45.9% | 17.4% |
| Total | \$40.0 | \$41.8 | \$43.6 | \$45.5 | \$47.2 | \$47.2 | \$48.6 | \$49.6 | \$52.0 | \$54.3 |
| Increase | 5.1% | 4.4% | 4.4% | 4.3% | 3.8% | 0.0% | 3.0% | 2.1% | 4.9% | 4.4% |

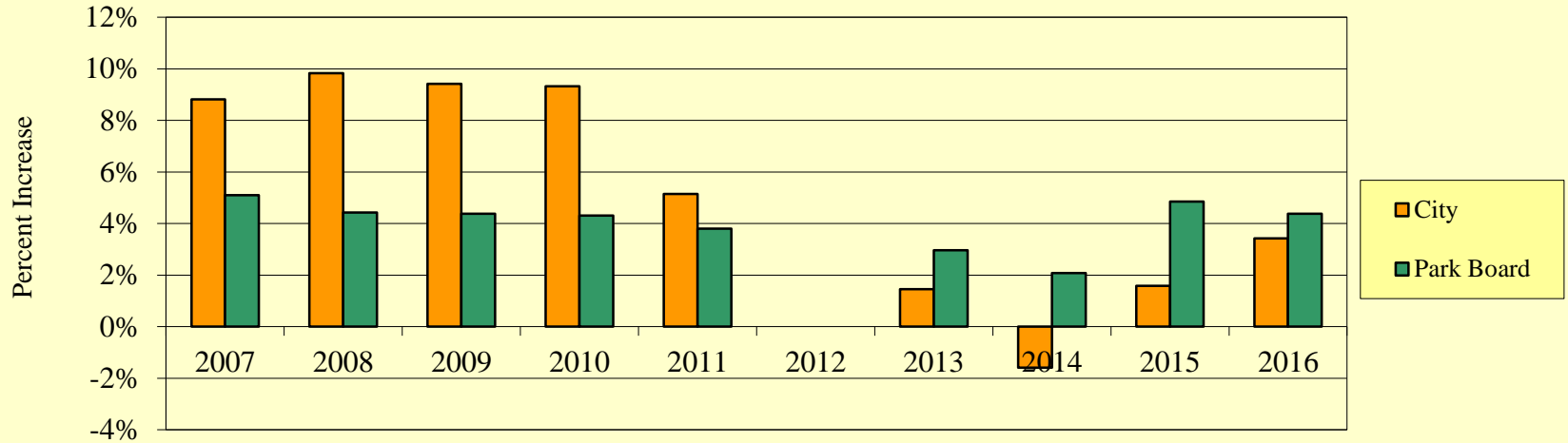
- City of Minneapolis property taxes have increased an average of 4.7 percent annually for the past ten years.

City of Minneapolis Property Tax Levy

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------|------|------|------|------|------|------|------|-------|------|------|
| Increase | 8.8% | 9.8% | 9.4% | 9.3% | 5.2% | 0.0% | 1.5% | -1.6% | 1.6% | 3.4% |

Property Tax (continued)

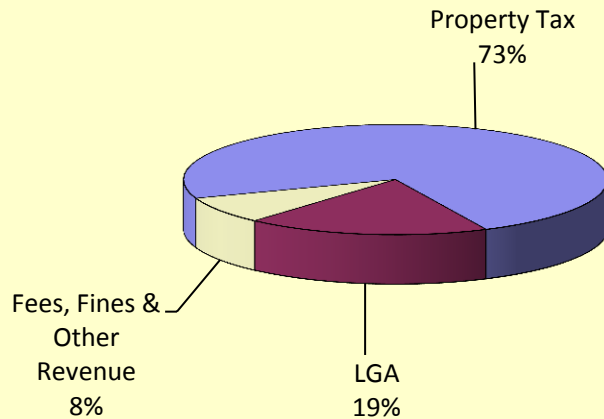
Annual Property Tax Percentage Increases 2007-2016



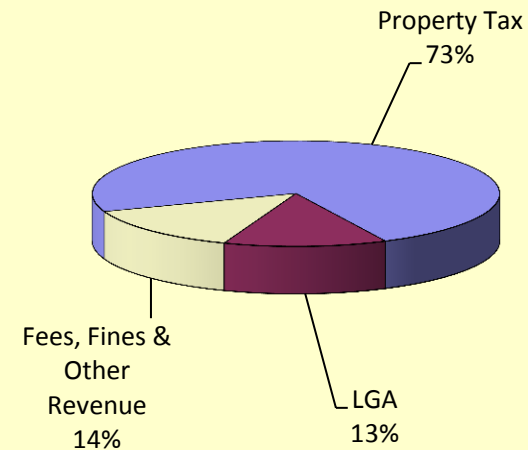
Property Tax (continued)

- The Park Board is heavily reliant on property taxes and although Park Board state aid was increased in 2016, it is still lower than the level received in 2007.

2007 General Fund Revenue by Major Sources

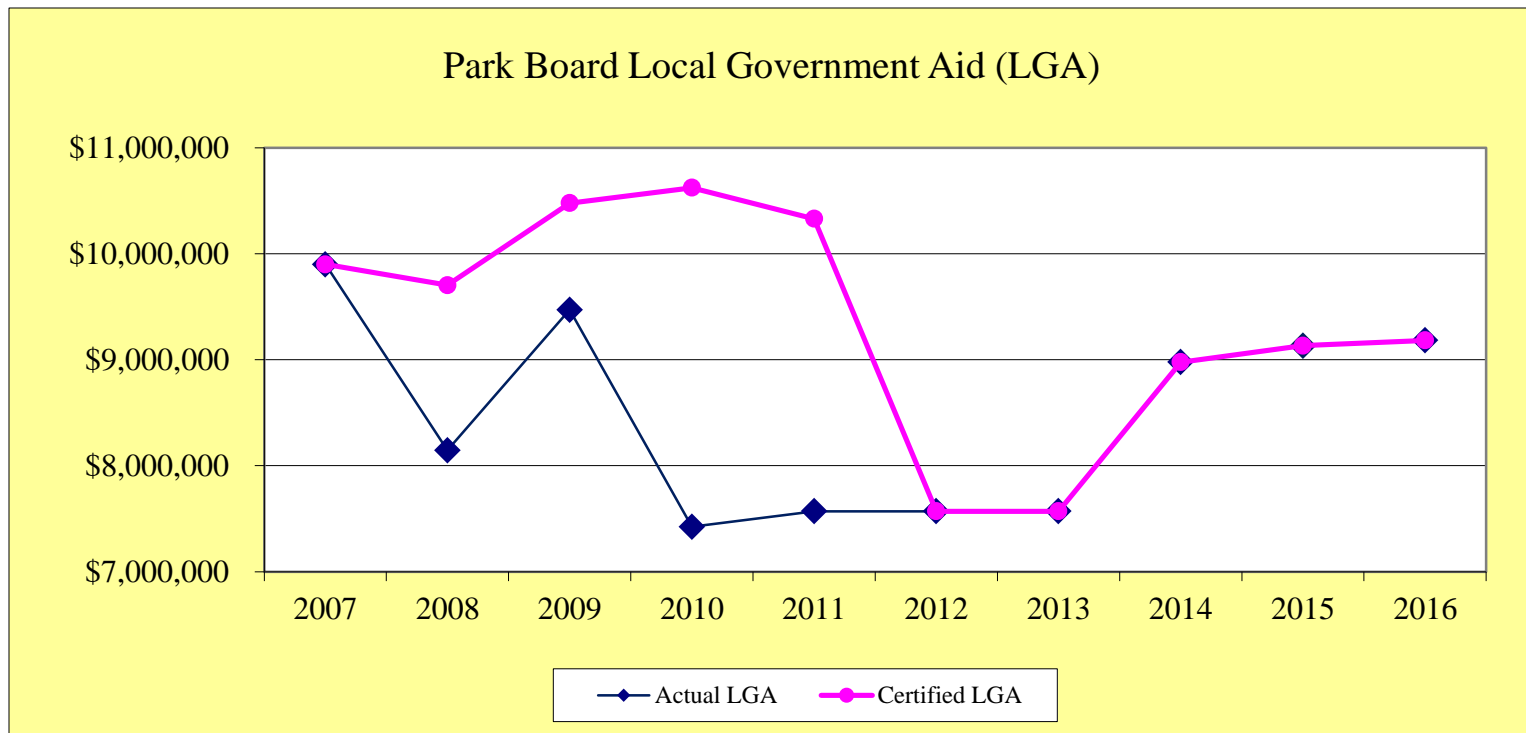


2016 General Fund Revenue by Major Sources



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 2016 Park Board LGA was increased by \$49,000, to \$9.2 million.



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

General Fund Other Revenue (in millions)

| | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|---------------|
| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 (Budget) |
| \$5.7 | \$5.0 | \$4.8 | \$5.1 | \$5.2 | \$5.0 | \$9.6 | \$8.5 | \$9.9 | \$9.7 |

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 \$15.9 million, or 30 percent in ten years. Included in this increase is fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
- Increases in health insurance premiums and pension contribution rates have directly reduced the amount of funding available for programs and services.
- The 2007 budget was the beginning of state aid decreases that resulted in Park Board budget reductions. Recent increases in state aid and property tax revenues and the moderating of health insurance increases have helped improve Park Board finances.

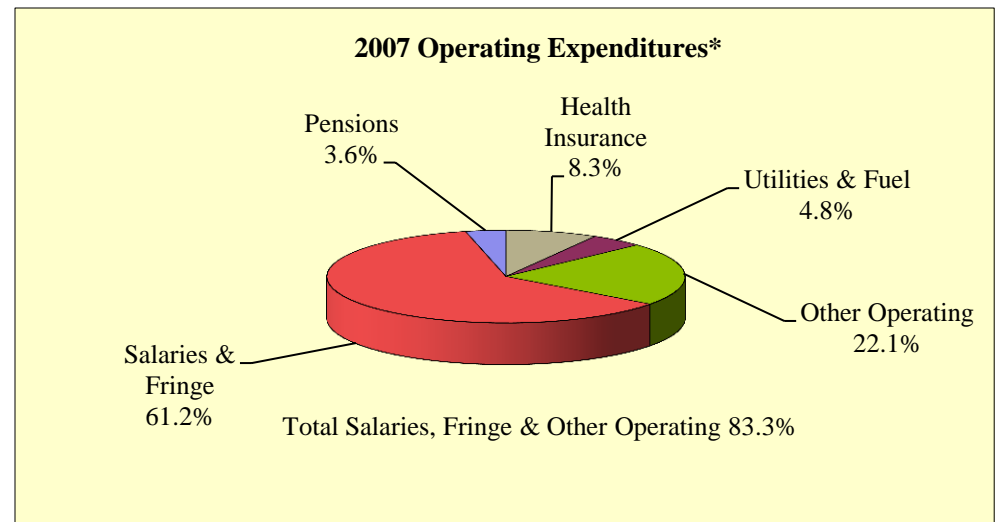
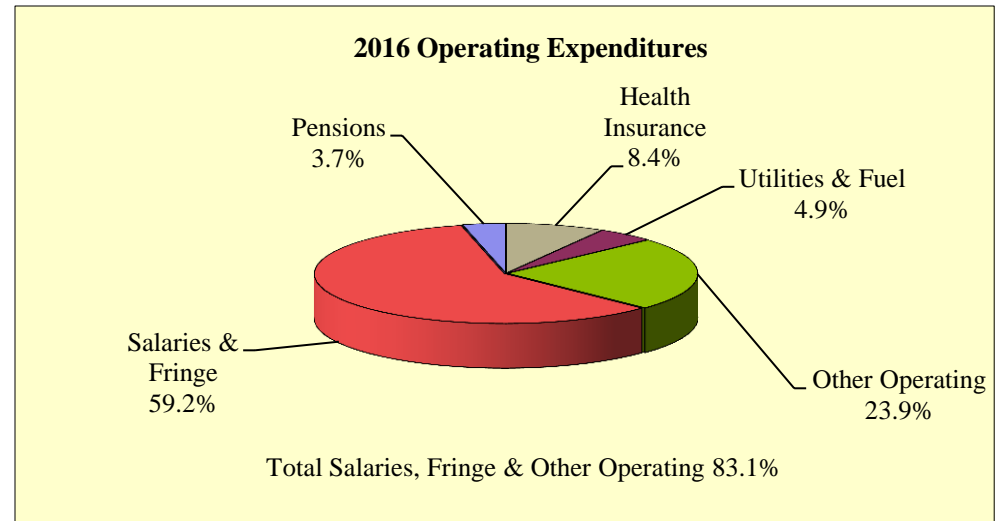
Operating Budget History (in millions)

| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Amount | \$52.5 | \$54.2 | \$55.9 | \$55.9 | \$53.8 | \$53.8 | \$59.5 | \$62.5 | \$65.7 | \$68.4 |
| Increase | -0.6% | 3.2% | 3.1% | 0.0% | -3.8% | 0.0% | 10.6% | 5.0% | 5.1% | 4.1% |

*Does not include tree preservation & reforestation levy

General Fund Operating Budget History (continued)

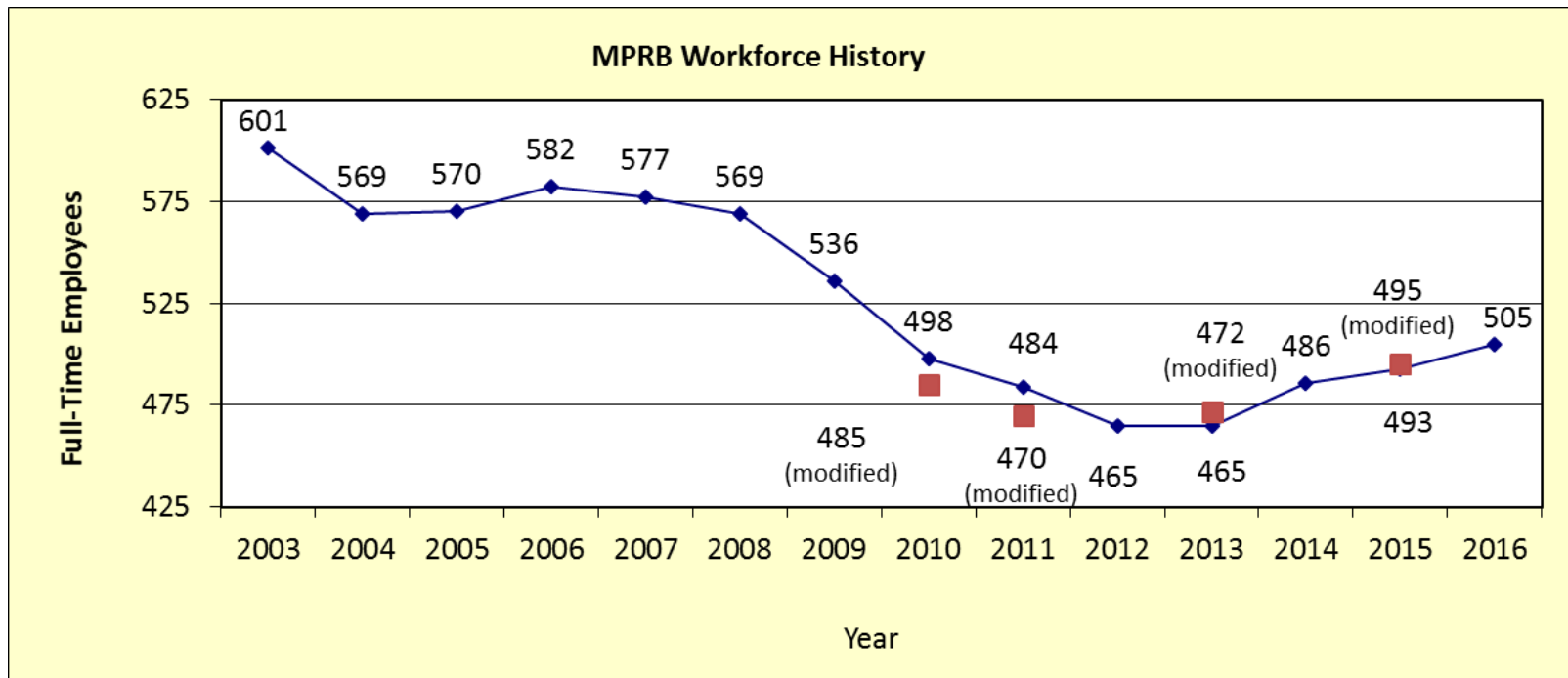
Total salary, fringe and operating funding percentages are similar in 2007 and 2016, however costs for mobile equipment and technology have increased by \$2.5 million as the Park Board has worked to stabilize internal service funds and improve technology. In 2007 there were 491 full-time general fund employees compared to 445 in 2016. To fund 46 more employees in 2016 would cost \$4 million.



*includes the same activities as 2016 Operating Expenditures

Full-Time Employees (all funds)

- The Park Board workforce has been reduced by 96 full-time employees (16 percent of the workforce) since 2003, due to budget pressures including decreased state aids. Operating efficiencies have been implemented to respond to funding reductions.
- The Tree Preservation and Reforestation Levy, shift from part-time to full-time staffing, increased LGA and a property tax increases have allowed increases in full-time employees since 2012.



Budget Outlook



Federal Legislative Update

- Focused work in Washington DC is resulting in successes for the Park Board
 - Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
 - In 2015 Minneapolis was one of only 8 cities in the country to receive LWCF funding, and only one of 2 cities to receive the maximum available amount through the Pilot Competitive Grant Program for RiverFirst
 - A joint MPRB and City of St. Paul Urban Waters Federal Partnership application has been submitted to the Federal Government at the request of the Federal Government
 - The Park Board will be submitting an application for 2016 LWCF funding
 - In 2014 Minneapolis was designated by the Federal Government as one of three pilot cities working on addressing youth violence
 - Minneapolis' focus is on addressing the recruitment of youth and young adults to fight for ISIS or ISIL
 - Park Board is working with Youthprise to direct programmatic funding to the Park Board for services for Cedar Riverside Neighborhood
-

State Legislative Update

- The State Legislature is currently in session, with the session set to end May 23. The current status of laws affecting the Park Board Funding include:
 - Local Government Aid (LGA) – There has been no action on LGA funding. If there are no changes to LGA funding the Park Board would continue to receive \$9.2 million.
 - Operations & Maintenance (O&M) Funding and Lottery Proceeds – No changes to funding levels are expected.

City Budget Update

- Park Board funding is impacted by the City of Minneapolis revenue distribution policy that shares the property tax and local government aid revenues among the city departments and Independent Boards.
 - Increases or decreases to LGA could result in changes to the revenue distribution policy.
 - The City of Minneapolis five-year financial direction calls for a 3.8% property tax levy increase in 2017.
 - The City of Minneapolis is assuming health insurance costs will increase 5% per year.

- The 20 Year Neighborhood Park Plan provides \$11 million in additional resources for neighborhood park maintenance, rehabilitation and capital investments and protects existing revenue and costs that are through the City of Minneapolis

City Budget Update

- The City has recommended a municipal sick leave policy. This policy will become effective six months after the City Ordinance is passed by the City Council. The employee would earn one hour of sick time for every 30 hours of work for any employees that work 80 hours in a year. The estimated cost to the MPRB for sick leave pay is \$271,000, if every shift was covered and unused sick leave was paid out at the end of the year.
- The City is studying a \$15 per hour minimum wage in Minneapolis. The estimated annual impact to the Park Board is \$2.2 million to the General Fund and \$450,000 to the Enterprise Fund. Also, such increases may exert pressure on collective bargaining wages especially for low wage earners. All full-time Park Board employees earn over \$15 per hour.

MPRB Property Tax Levy

| Minneapolis Park & Recreation Board Certified Property Tax Levy | | | | |
|--|-------------------|-------------------|------------------|-------------|
| Minneapolis Park & Recreation Board Property Tax Levy with \$3 Million Increase for 20 Year Park Plan | | | | |
| | 2016 Adopted | 2017 Projected | Change | % Change |
| Minneapolis Park Board | 52,583,000 | 55,583,000 | 3,000,000 | 5.7% |
| Tree Preservation & Reforestation | 1,732,000 | 1,732,000 | 0 | 0.0% |
| Park Board Total | 54,315,000 | 57,315,000 | 3,000,000 | 5.5% |
| Minneapolis Park & Recreation Board Property Tax Levy with General Fund Operating Increase | | | | |
| | 2016 Adopted | 2017 Projected | Change | % Change |
| Minneapolis Park Board | 52,583,000 | 54,633,737 | 2,050,737 | 3.9% |
| Tree Preservation & Reforestation | 1,732,000 | 1,732,000 | 0 | 0.0% |
| Park Board Total | 54,315,000 | 56,365,737 | 2,050,737 | 3.8% |
| Minneapolis Park & Recreation Board Total Certified Property Tax Levy | | | | |
| | 2016 Adopted | 2017 Projected | Change | % Change |
| Minneapolis Park Board | 52,583,000 | 57,633,737 | 5,050,737 | 9.6% |
| Tree Preservation & Reforestation | 1,732,000 | 1,732,000 | 0 | 0.0% |
| Park Board Total | 54,315,000 | 59,365,737 | 5,050,737 | 9.3% |

The \$5 million, 9.3% increase in Park Board property taxes is a 1.7% increase on total City of Minneapolis property taxes.

Every 1 percent increase in Property Taxes generates \$537,719 for the Park Board, and increases the average homeowners (\$205,500 median value) property taxes by approximately \$2.

General Fund Budget – 2017 Estimated Gap

| | |
|--|---------------------|
| Revenue Increase (based on 9.6% General Fund property tax increase) | \$ 5,110,493 |
| Provision For Wage and Benefit Adjustments | \$ 2,001,706 |
| Health Insurance Increase | \$ 286,910 |
| Neighborhood Park Plan Expenditures | \$ 2,999,962 |
| Other Operating Expenditures | \$ 518,934 |
| Expenditure Increases | \$ 5,807,512 |
| | |
| | |
| Preliminary, estimated 2017 deficit | \$ (697,019) |

*Does not include tree preservation & reforestation levy

General Fund Five-Year Projections

| General Fund Property Tax Levy Increase | | 9.6% | 3.9% | 3.7% | 3.6% | 3.5% |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Adopted | Est | Est | Est | Est | Est |
| | Budget | Budget | Budget | Budget | Budget | Budget |
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Property Taxes | 52,057,170 | 57,057,400 | 59,282,638 | 61,476,096 | 63,689,235 | 65,918,359 |
| Local Government Aid | 9,182,581 | 9,182,581 | 9,182,581 | 9,182,581 | 9,182,581 | 9,182,581 |
| Fees, Fines and Other Revenues | 9,742,694 | 9,852,957 | 10,207,644 | 10,207,644 | 10,207,644 | 10,207,644 |
| Total | 70,982,445 | 76,092,938 | 78,672,863 | 80,866,321 | 83,079,460 | 85,308,584 |
| Full-Time Wages & Fringe | 35,267,328 | 38,644,152 | 39,792,539 | 40,827,145 | 42,051,960 | 43,313,519 |
| Part-Time Wages & Fringe | 7,694,745 | 8,185,287 | 8,650,442 | 8,823,451 | 8,999,920 | 9,179,919 |
| Health Insurance | 5,738,195 | 6,408,776 | 6,729,215 | 7,065,675 | 7,418,959 | 7,789,907 |
| Other Expenditures | 19,702,177 | 20,971,743 | 21,382,651 | 21,703,391 | 22,137,459 | 22,580,208 |
| Operating Costs | 68,402,445 | 74,209,957 | 76,554,848 | 78,419,663 | 80,608,298 | 82,863,552 |
| Capital Levy | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 | 1,500,000 |
| Excess GF Capital Contribution | 780,000 | 680,000 | 1,080,000 | 1,080,000 | 1,080,000 | 1,080,000 |
| Land Purchase Reserve | 300,000 | 400,000 | | | | |
| Total | 70,982,445 | 76,789,957 | 79,134,848 | 80,999,663 | 83,188,298 | 85,443,552 |
| Estimated Gap | 0 | (697,019) | (461,985) | (133,342) | (108,838) | (134,969) |

*Does not include tree preservation & reforestation levy

Tree Preservation & Reforestation Five-Year Projections

- 2017 is year 4 of the eight year program. The last year of the tax levy is 2021.

| Property Tax Levy Increase | | 0.0% | 2.0% | 2.3% | 2.3% | -28.5% |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Adopted | Est | Est | Est | Est | Est |
| | Budget | Budget | Budget | Budget | Budget | Budget |
| Revenue | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Property Taxes | 1,714,503 | 1,714,503 | 1,748,652 | 1,788,339 | 1,829,005 | 1,308,473 |
| Use of Fund Balance | 28,739 | 44,078 | 44,078 | 44,078 | 44,078 | 44,078 |
| Total | 1,743,242 | 1,758,581 | 1,792,730 | 1,832,417 | 1,873,083 | 1,352,551 |
| | | | | | | |
| Expenditures | | | | | | |
| Full-Time Wages & Fringe | 434,309 | 445,601 | 457,187 | 469,074 | 481,269 | 240,635 |
| Health Insurance | 89,952 | 94,450 | 99,172 | 104,131 | 109,337 | 54,669 |
| Other Expenditures | 1,218,981 | 1,218,530 | 1,236,371 | 1,259,213 | 1,282,476 | 1,057,247 |
| Capital Costs | - | - | - | - | - | - |
| Total | 1,743,242 | 1,758,581 | 1,792,730 | 1,832,417 | 1,873,083 | 1,352,551 |
| | | | | | | |
| Ash Trees Removed | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 | - |

Enterprise Fund Five-Year Projections

| | | Budget | Estimate | Estimate | Estimate | Estimate | Estimate |
|------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Golf Operations | | | | | | | |
| | Revenue | 4,580,891 | 4,672,509 | 6,165,959 | 6,989,278 | 7,129,064 | 7,271,645 |
| | Expense | 5,191,883 | 5,388,613 | 6,168,851 | 6,647,291 | 6,786,363 | 6,928,707 |
| | Net Income | (610,992) | (716,104) | (2,892) | 341,987 | 342,701 | 342,938 |
| Ice Arena Operations | | | | | | | |
| | Revenue | 854,779 | 984,779 | 1,004,475 | 1,024,564 | 1,045,055 | 1,065,956 |
| | Expense | 830,213 | 845,014 | 862,503 | 880,411 | 898,751 | 917,534 |
| | Net Income | 24,566 | 139,765 | 141,972 | 144,153 | 146,305 | 148,423 |
| Winter Programs | | | | | | | |
| | Revenue | 336,173 | 342,896 | 349,754 | 356,749 | 363,884 | 371,162 |
| | Expense | 833,309 | 854,001 | 925,950 | 974,774 | 999,899 | 1,025,739 |
| | Net Income | (497,136) | (511,105) | (576,196) | (618,024) | (636,015) | (654,577) |
| Parking Operations | | | | | | | |
| | Revenue | 1,765,550 | 1,800,861 | 1,836,878 | 1,873,616 | 1,911,088 | 1,949,310 |
| | Expense | 450,582 | 464,760 | 473,307 | 482,030 | 490,934 | 500,023 |
| | Net Income | 1,314,968 | 1,336,101 | 1,363,572 | 1,391,586 | 1,420,154 | 1,449,287 |
| Use & Event Permitting | | | | | | | |
| | Revenue | 1,129,860 | 1,152,457 | 1,175,506 | 1,199,016 | 1,222,997 | 1,247,457 |
| | Expense | 697,424 | 714,690 | 732,998 | 751,824 | 771,185 | 791,098 |
| | Net Income | 432,436 | 437,767 | 442,509 | 447,193 | 451,812 | 456,359 |

Enterprise Fund Five-Year Projections (continued)

| | | Budget | Estimate | Estimate | Estimate | Estimate | Estimate |
|---|------------|------------|------------|------------|------------|------------|------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Vendor Agreements/Concessions | | | | | | | |
| | Revenue | 1,499,500 | 1,529,490 | 1,560,080 | 1,591,281 | 1,623,107 | 1,655,569 |
| | Expense | 196,781 | 200,381 | 204,597 | 208,915 | 213,340 | 217,873 |
| | Net Income | 1,302,719 | 1,329,109 | 1,355,483 | 1,382,366 | 1,409,767 | 1,437,696 |
| Sculpture Garden & Cowles Conservatory | | | | | | | |
| | Revenue | - | 57,800 | 144,500 | 289,000 | 294,780 | 300,676 |
| | Expense | 74,784 | 245,516 | 379,169 | 386,390 | 393,768 | 401,307 |
| | Net Income | (74,784) | (187,716) | (234,669) | (97,390) | (98,988) | (100,631) |
| Total Enterprise Fund | | | | | | | |
| | Revenue | 10,166,753 | 10,540,792 | 12,237,152 | 13,323,505 | 13,589,975 | 13,861,775 |
| | Expense | 8,274,976 | 8,712,975 | 9,747,374 | 10,331,635 | 10,554,239 | 10,782,280 |
| | Net Income | 1,891,777 | 1,827,818 | 2,489,778 | 2,991,870 | 3,035,736 | 3,079,495 |

Enterprise Fund Five-Year Projections (continued)

| | Budget | Estimate | Estimate | Estimate | Estimate | Estimate |
|--|------------------|------------------|------------------|------------------|--------------------|------------------|
| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Enterprise Fund Net Income | 1,891,777 | 1,827,818 | 2,489,778 | 2,991,870 | 3,035,736 | 3,079,495 |
| Uses of Enterprise Fund Net Income | | | | | | |
| Capital Improvements | 463,583 | 463,583 | 900,000 | 900,000 | 900,000 | 900,000 |
| Debt Service | | | | | | |
| Northeast Ice Arena | 67,799 | 67,799 | 67,799 | 67,799 | 67,799 | 33,900 |
| Parade Ice* | 476,038 | 272,038 | 522,038 | 517,038 | 3,309,538 | 1,096,038 |
| Minnehaha Refectory | 140,050 | 140,050 | 140,050 | 140,050 | 140,050 | 140,050 |
| McKinstry Energy Efficiency | 46,250 | 309,750 | | | | |
| Meadowbrook Restoration | | | 470,000 | 470,000 | 470,000 | 470,000 |
| Total Debt Service | 730,137 | 789,637 | 1,199,887 | 1,194,887 | 3,987,387 | 1,739,988 |
| Total Improvements & Debt Service | 1,193,720 | 1,253,220 | 2,099,887 | 2,094,887 | 4,887,387 | 2,639,988 |
| Net Income Less Improvements & Debt Service | 698,057 | 574,598 | 389,891 | 896,983 | (1,851,651) | 439,507 |
| Projected Enterprise Fund Reserve Balance | 916,672 | 1,491,270 | 1,881,161 | 2,778,144 | 926,494 | 1,366,001 |
| *Parade Ice Arena debt is planned to be restructured in 2020, reducing the 2020 debt service payment | | | | | | |

Internal Service Fund Five-Year Projections

| | | Budget | Estimate | Estimate | Estimate | Estimate | Estimate |
|---------------------------------|------------|-----------|-----------|-----------|-----------|-----------|------------|
| | | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| Equipment Services | | | | | | | |
| | Revenue | 5,275,504 | 5,319,298 | 5,425,933 | 5,535,099 | 5,646,869 | 5,761,319 |
| | Expense | 5,255,504 | 5,319,298 | 5,425,933 | 5,535,099 | 5,646,869 | 5,761,319 |
| | Net Income | 20,000 | - | - | - | - | - |
| Information Technology Services | | | | | | | |
| | Revenue | 1,718,122 | 1,788,948 | 1,841,872 | 1,917,682 | 1,961,575 | 2,006,659 |
| | Expense | 1,658,122 | 1,758,948 | 1,811,872 | 1,887,682 | 1,931,575 | 1,976,659 |
| | Net Income | 60,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Self-Insurance | | | | | | | |
| | Revenue | 2,163,359 | 2,187,015 | 2,210,960 | 2,235,198 | 2,259,734 | 2,284,572 |
| | Expense | 2,163,359 | 2,187,015 | 2,210,960 | 2,235,198 | 2,259,734 | 2,284,572 |
| | Net Income | - | - | - | - | - | - |
| Total Internal Service | | | | | | | |
| | Revenue | 9,156,985 | 9,295,260 | 9,478,764 | 9,687,978 | 9,868,177 | 10,052,550 |
| | Expense | 9,076,985 | 9,265,260 | 9,448,764 | 9,657,978 | 9,838,177 | 10,022,550 |
| | Net Income | 80,000 | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |