Minneapolis Park and Recreation Board
Budget Framework
Response to Financial Impacts of the Coronavirus Pandemic

Following Governor Walz’ declaration of a peacetime state of emergency on March 13, public health guidelines for social distancing, and the stay at home order for Minnesota on March 25, the MPRB enacted necessary changes in service levels. The MPRB’s priority is the health and safety of its park visitors and employees. Buildings have been closed and programs and events cancelled, resulting in a $1 – 2 million loss in revenue each month. Current planning is based on predictions by the MN Department of Health that the epidemic peak will occur in early July. MPRB leadership interpret this to mean people will continue to get sick beyond that peak projection date, and public health and safety measures, including social distancing, will be needed well into July and August.

While we understand that the COVID-19 crisis will ease in the coming months. The negative impact to the local and national economies will be felt long after the health crisis subsides. Along with our current revenue short falls, economic impacts resulting from this health crisis are, at this point, certain to occur. This budget framework has been developed to weather the current financial crisis and prepare for the future of the MPRB. The staged approach allows for the implementation of immediate cost reductions to ensure the MPRB is in the best possible position entering the MPRB’s budget development and financial planning processes for revising and balancing the 2020 annual budget and preparing for the 2021 annual budget. Stage 1 has been implemented and Stage 2 will be implemented in the coming weeks; both Stage 1 and Stage 2 will remain in effect through December 31, 2020. If the State enters an extended economic recession, Stage 3 will be implemented.

Stage 1 – Social distancing requirements, stay-at-home order, closures/cancellations of buildings, events and programs, aspects of service delivery on hold. **This stage was initiated on April 3, 2020.**

1. Take immediate action to reduce costs
   a. Hiring Freeze – Appointed, Certified Civil Service and Provisional Employees (part-time and full-time), exceptions to be approved by Division Head and Superintendent
   b. Spending Freeze – only critical purchases should be made
   c. Travel and Training Freeze – only required trainings; no travel

Stage 2 – Social distancing requirements, modified building, event and program uses/offerings, aspects of service delivery on hold or modified, position MPRB for possibility for rapid restoration of service delivery. This stage is beginning to be implemented where allowable through Superintendent authority and, if approved by the Board, additional items will be completed in the coming weeks due to the extension of the stay-at-home order and the current predictions by the MN Department of Health that the epidemic peak will occur in early July which is anticipated to require an extended length of the social distancing requirements.

1. Modify revenue estimates as programs and services are re-established, and assistance becomes known
a. Establish modified programs and services that do not violate social distancing requirements and/or can be provided virtually (in process)
b. Identify and apply for state and federal relief available to local governments (ongoing)

2. Determine appropriate level of fund balance that should be used to offset the loss of revenue
   a. Identify how emergency fund balance would be replenished to meet financial policy requirements (complete retain enough fund balance to assist if needed for another storm emergency $1 - $2 million)
   b. Identify and return General Fund one-time fund balance authorizations back to excess fund balance (conversation with Board during Committee of the Whole)

3. Determine internal loan repayments and transfers that can be cancelled or delayed
   a. Identify General and Enterprise Funds internal loan repayments to defer and extend payback period (complete utilizing Superintendent authority will bring resolution to Board to confirm in June)
   b. Identify General Fund internal transfers to cancel reducing the amount available for the program impacted (complete utilizing Superintendent authority will bring resolution to Board to confirm in June)

4. Determine capital and rehabilitation projects that can be delayed or re-aligned
   a. Identify Enterprise Fund capital and rehabilitation projects to be delayed (in process)
   b. Consider the realignment of the 20 Year Neighborhood Park Plan Capital Improvement Program for the years 2020 and 2021 toward rehabilitation vs. capital in year 2020 (complete - Resolution 2020-201 adopted on May 6, 2020)
   c. Consider the shifting of Operations & Maintenance Lottery-in-lieu excess fund balance to current year General Fund operations (in process - bring forward to Board for consideration in June)

5. Take action to reduce personnel costs
   a. Wage Freeze for all full-time and part-time employees (under consideration)
   b. Inactivate provisional employees who do not have work assignments in the current service model (Note: allows employees to apply for unemployment benefits) (has begun, employees on layoff status to be called back when work becomes available)
   c. Budgetary Leave enacted for voluntary unpaid leave by Appointed and Certified Civil Service employees (complete – 8,312 hours of budgetary leave given by staff)

Stage 3 – Economic recession – budget development and financial planning, re-defined service delivery. This stage will be implemented if the State enters an extended economic recession. Board actions will be sought to implement these items, as required.

1. Board direction during budget development and financial planning process for revised 2020 Annual Budget (in process – began with the adoption of this budget framework and will continue through monthly financial status reports and financial discussions with Board)
2. Board direction during budget development and financial planning process for the 2021 Annual Budget *(in process – budget retreats and Draft 2021 Budget Frameworks)*
   a. Wage Freeze for multiple years (City is considering 2020 and 2021)
   b. Wage Cuts
   c. Separation or elimination of some positions – vacancy/severance/buy-outs