The following issues to consider impacting the financial condition of the Minneapolis Park and Recreation Board (MPRB) are in addition to direction already set forth by the Board in the adopted 2018-2022 Strategic Directions and Performance Measures.

- **Coronavirus pandemic (COVID-19) impacts**
  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 that has been extended until midnight on May 17, 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 projected date, and public health and safety measures, including social distancing, will be needed well past July.
    - **Service Delivery Impacts**
      The MPRB has entered a time of re-envisioning its programs and services as the organization plans for an extended period where social distancing will continue to be required. Staff have established criteria for the proposal and development of virtual programs and modified programs for social distancing. Based on current predictions of the length of this pandemic, programs and services may be impacted well into 2021 and service levels and the budget will need to be considered.
    - **Financial Impacts**
      Buildings have been closed and programs and events cancelled, resulting in a $1 – 2 million loss in revenue each month. The MPRB adopted the Budget Framework – Response to Financial Impacts of the Coronavirus Pandemic on April 22, 2020 to guide the MPRB through the current financial crisis and prepare for the future of the MPRB.
    - **Economic Recession**
      We are uncertain about when the COVID-19 crisis will ease. The negative impact to the local and national economies will be felt long after the health crisis subsides. Along with our current revenue shortfalls, economic impacts resulting from this health crisis are, at this point, certain to occur. The MPRB must prepare for and monitor the financial condition of the State and City and the revenue streams provided to the MPRB including Local Government Aid, Parks and Trails Legacy grants, Operations and Maintenance funding, The Commons Park funding and the 20-Year Neighborhood Park Plan. Within a downward economy and rising unemployment, the MPRB will need to make tough decisions regarding property tax increase requests and the impacts of decreased property tax collection rates.

- **System growth, expansion and service levels**
  The MPRB’s system is experiencing growth in both the regional and neighborhood systems. As parks and amenities are added to new residential areas that were traditionally non-residential in support of the City’s growth patterns and other development, improvements and expansion occurs within our
system, service delivery models will need to be analyzed, adjusted or changed to support the needs of these areas. Consideration needs to be given to how current service levels associated with this growth is built into the annual budget process and communicated and supported by the City, Board of Estimate and Taxation and the public.

- **Downtown Service Area**
  The master plan envisions the creation of a park in the North Loop neighborhood and a pedestrian and bicycle connection to the Central Mississippi Riverfront Regional Park (the Eighth Avenue Streamscape, so called because its path generally follows the long-buried Bassett Creek), the North Loop park. As these features come online during 2020 and beyond, funds supporting maintenance and operations, programming, and policing will be needed. Portions of the Streamscape are developing and staff are finalizing acquisition of land to accommodate necessary development. These features fill a gap in neighborhood parks identified in the MPRB Comprehensive Plan and other planning documents.

- **Northeast / Southeast Service Area**
  A park, officially unnamed but referred to as Towerside Park, was delivered to the MPRB as a completed park through the parkland dedication ordinance near the end of 2019. Towerside Park is a small urban park located near a Green Line light rail stop and it features a small lawn, a community garden space, and an adjacent interactive stormwater basin. The Mississippi Water Management Organization supported the project by constructing a pavilion housing a water filtration apparatus. Towerside Park is slightly greater than an acre in area and will require maintenance and operations support similar to any other neighborhood park.

- **North Service Area**
  The 26th Avenue Overlook will be completed in 2021 and will serve as the river terminus to the city’s 26th Avenue North pedestrian and bicycle improvements. Eventually, the overlook will be a feature along a west bank trail. Like other 2021 park system introductions, the overlook and its associated site are small, but it will likely be popular as it quickly becomes one of the upper riverfront’s primary attractions.

- **Central Mississippi Riverfront Regional Park**
  Water Works is a new component of Mill Ruins Park within this regional park will be introduced in 2021. The most prominent feature is a restoration of portions of historic mills, a part of which will house restrooms and a new restaurant. The site features large steps descending the slope from First Street to a narrow lawn perched above the parkway and overlooking the river. The building and site both require maintenance, although the long-term goal is for the restaurant to be eventually operated as a microenterprise, with its revenue directed to support park operations.

**Enterprise Fund stabilization**

An Enterprise Fund is established to account for government activities that operate as businesses and provide goods or services to the public on a consumer charge basis. Enterprise activities are meant to be self-supporting and include operations, capital improvements and debt service, and do not receive tax support. The MPRB Enterprise Fund historically included activities that are not business-type activities and are not self-supporting. In addition, the MPRB Enterprise Fund subsidized General Fund activities to the detriment of the enterprise activities the fund is designed to support. Significant modifications have been made since 2012, realigning activities between the Enterprise and General Funds, yet not fully realigning all activities. The Superintendent supports continued work to properly align activities in the Enterprise and General Funds and improve the financial condition of the Enterprise Fund. Impacts of COVID-19 on high revenue enterprise categories will ignite the need to further rethink the alignment of some categories.
· Development of an enterprise operating model for the Minneapolis Sculpture Garden

Methods of orchestrating a micro-enterprise to partially support operations of the Minneapolis Sculpture Garden have continued to be explored. It was anticipated that the model used in this location would be similar to a model that could be used across the upcoming downtown spaces that the MPRB will be responsible for programming. With new requirements for social distancing that includes limits in the size of events and activities the approach for the Sculpture Garden along with the revenue approach for other spaces will need to be reconsidered. Ultimately, staff is seeking a service delivery and programming model that provides revenue sufficient to offset operating costs and long-term asset replacement. However, in the short-term the garden is expected to need additional support from the Enterprise Fund.

· Development of an enterprise operating model for Waterworks

Methods of orchestrating a micro-enterprise to support operations of the Waterworks will be implemented. It is anticipated that the model used in this location would be similar to a model that could be used across the upcoming downtown spaces that the MPRB will be responsible for programming. The current pro-forma indicates a five-year plan to profitability and considerations will need to be made to support the operations as it starts up and is established. With new requirements for social distancing that includes limits on the operation of restaurant facilities will need to be reconsidered.

· Re-envisioning Golf Operations

The MPRB has a long history with offering Golf operations and recognizes the value of those services to the community. The Superintendent intends to evaluate alternatives for golf leading to a long-range and sustainable plan for golf within the MPRB system.

· Capital investment needs

· Network upgrades

In late 2018 the board approved updated and renegotiated contracts with our telecommunications and Internet Service Providers. During the past contract term, the MPRB increased its use of bandwidth and technology significantly. The addition of a Voice Over Internet Protocol Phone System, Camera Systems, alarm systems, door access systems, and public wireless access increased demand for higher speed network connections. The MRPB IT Department is working with vendors to optimize network circuits to meet the increasing demand for network bandwidth. We are working hard to provide additional bandwidth where needed to increase performance for staff, meet public safety needs, and provide updated connectivity between the Park Board and the City of Minneapolis, Minneapolis Public Schools, and the Criminal Justice networks.

· Parkway paving and parkway lighting

Staff continues its process of coordinating with Minneapolis Public Works so that pavement conditions for parkways match conditions for city streets on an aggregate basis, a direction agreed to following the city’s adoption of the 20-Year Street Plan. The next two years (2020 and 2021) of work on parkways will be directed to Theodore Wirth Parkway.

· RiverFirst

Sufficient funding for all of the projects anticipated as a part of RiverFirst remains uncertain. Regional park funding, the most likely source for most of the work, remains a question. The most immediate RiverFirst concerns include:

- Graco Park and Hall’s Island - The settlement with Graco related to the East Bank Trail allows for significant funding to be directed to a new Graco Park, configured largely as indicated in schematic plans prepared as a part of RiverFirst. With that funding, and funding from a sale of a portion of Parcel D, design efforts and community engagement will proceed with a target for opening of a park in 2022. Together,
available funds are sufficient to establish a solid first phase of park improvements. While funds for Parcel D are available as a result of the Graco settlement, additional funding is likely needed and may be pursued through philanthropic means.

- Staff continues efforts to identify and potentially acquire properties within the bounds of the Above the Falls Regional Park. While funds are limited, opportunities for acquisition will rely on unique transactions arrangements (incremental payments, donations as a part of the purchase price) and creating partnerships with other entities to achieve funding (MWMO) and more aggressively pursuing existing sources of funds that have become more competitive (Metropolitan Council). Staff is also strategizing easements as a lower cost option for using portions of parcels. Significant and expensive acquisitions remain, particularly on the west bank where large industrial operations occupy large tracts of riverfront land.

- **Reinvesting in operation facilities**
  Current efforts to improve operations facilities are being directed to Hiawatha Tool, where incremental changes are the likely path considering the limited available funding. A plan outlining the incremental evolution of Hiawatha Tool is currently being developed.

- **Infrastructure and utilities**
  MPRB’s utility infrastructure continues to age. In regional parks, storm sewers are generally 41 to 51 years old and are at or near the end of their service life. While records exist on age and location of these facilities, failures are common. Funds for below grade infrastructure rehabilitation in neighborhood parks are available through the 20-Year Neighborhood Park Plan to address issues as they arise, but those funds are insufficient to reconstruct aging infrastructure in a fully planned way. Assessments continue to be conducted to more fully understand the conditions of below grade infrastructure in neighborhood parks and to set priorities for addressing the necessary repairs.

- **Enterprise Fund capital investment**
  Historically, the Enterprise Fund has financed its capital improvement program with profits generated in the current year. If profits generated in that year were not enough to cover the costs of all scheduled projects, the projects would be deferred or cancelled based on prioritized need. This financing model along with the decline in the golf industry, annual subsidies to the General Fund, and debt obligations associated with the Neiman Sports Complex resulted in Enterprise Fund capital improvement project deferments reaching a critical stage. The level of deferments and the critical capital needs within the Enterprise Fund is a major concern for the long-term viability of the fund. As capital improvements become necessary and reserves are not available, debt is being utilized which is not financially prudent. Staff identified targets for annual set-asides aimed at repair and replacement cannot be realized until the Fund is generating significantly greater revenue. The Superintendent committed to phase in these increases and the 2020 Annual Budget included an Enterprise Fund 2020–2025 Capital Improvement Plan. However, due to the financial impacts of COVID-19 and the anticipated revenue losses, fund reserves will be greatly impacted, and 2020 capital projects are once again being deferred.

- **Land Acquisition Fund**
  The MPRB land purchase reserve fund was established in the Special Revenue Fund to account for revenue from land designated as surplus and sold. Revenue from the sale of land can only be used for future land purchases. Beginning in 2016, the MPRB Annual Budget also included a General Fund transfer of $300,000 - $400,000 to assist with future land purchases. The amount for 2020 is $315,000 but due to the financial impacts of COVID-19 this transfer will not be made. The balance as of April 30, 2020 is $1,151,375 of which $365,364 is committed for the 2230 Marshall Street note payment. As acquisitions are considered to complete Above the Falls Regional Park and the Missing Link, this funding mechanism should be continued.
Other sources typically used by the MPRB to offset the costs of parkland acquisition for regional parks continue to be more competitive and cannot support all requests. Further, as development continues to focus on the upper riverfront and the city intensifies land uses along primary corridors, the value of properties will likely increase. While near-term acquisitions or gaining commitments to sell properties to the MPRB might help avoid speculative pricing, either strategy requires funding. It becomes especially important for properties zoned or guided for residential use, as those uses, when compared to commercial or industrial uses with tenancies measured in decades, tend to be perpetuated for a generation. Without the sources of funding to complement the MPRB’s own resources, opportunities for acquisition necessary to complete key initiatives in the upper river risk being lost to at least a generation of non-park uses.

- **Historic and iconic homes**
  The Minneapolis Park and Recreation Board is fortunate to have several historic and iconic homes in its inventory, including the Ard Godfrey House, John H. Stevens House, Longfellow House, and Theodore Wirth Home and Administration Building. These homes require specialized maintenance and improvements that are not currently funded within existing capital programs. Dedicated funding is needed to ensure these homes are properly maintained and sustained for future generations.

- **Other issues**
  - **Pesticide free parks**
    Staff continue working both to reduce the use of landscape pesticide products and introduce organic land management practices on Minneapolis park land. Two sites were identified for a natural turf care pilot project in partnership with the national organization Beyond Pesticides. The Lyndale Park Rose Garden is also implementing a trial project utilizing certified organic products. These projects are expected to last a minimum of three years in order to begin to view results and understand operational and user impacts. These will be used to inform next steps including work plans and program creation. Additionally, staff must continue to comply with the Minnesota Noxious Weed Law which aims to protect the state from ecological and economic impacts created by the introduction and spread of noxious weeds. Small incremental changes are implemented as alternatives become viable and obtainable within our current operational structure. The impacts of pesticide free and/or organic land management will need to be addressed in budgets for labor, equipment, and materials both for the maintenance of existing park features as well as when new implementations and renovations occur within the system. The impacts are not fully realized at this time and our pilot projects aim to better inform staff to continue this work.
  
  - **Unsheltered people in parks**
    The impacts of homelessness are a growing challenge in the park system. People experiencing homelessness are both establishing encampments within parks and visiting parks with increased frequency. Often embedded within homelessness are contributing factors of mental illness and addiction. With members of the community urging park management to quickly act by cleaning and/or removing encampments, the MPRB has partnered with St. Stephen’s to provide greater outreach services and resources. Park Police officers spend an inordinate amount of time checking the welfare of encampment occupants, addressing related criminal conduct, and trying to coordinate social service resources. Maintenance crews are often pulled from their regular park duties to perform the task of cleaning up encampments. During the cleanup process, MPRB employees encounter situations where their health and safety is at risk. MPRB would benefit greatly to invest additional resources in training for staff, increased support from social services, and set aside dollars for contracted professional services to assist in encampment clean up.