



Minneapolis Park & Recreation Board

Committee of the Whole 2024 Budget Retreat May 17, 2023

www.minneapolis-parks.org/budget



Welcome and Budget Message

www.minneapolisparks.org/budget

❖ Budget retreat Day 2

- Provide funding source information
- Discuss Commissioners' priorities, General Fund current service level, and maximum property tax levy

❖ Key Information – by the end of the budget retreats

- Commissioners' 2024 priorities within the 2023-2026 strategic directions and performance goals
- Commissioners' direction to link the priorities to property taxes, other on-going funding or one-time funding
- Commissioners' direction for the MPRB maximum property tax levy request





Funding Source Discussion

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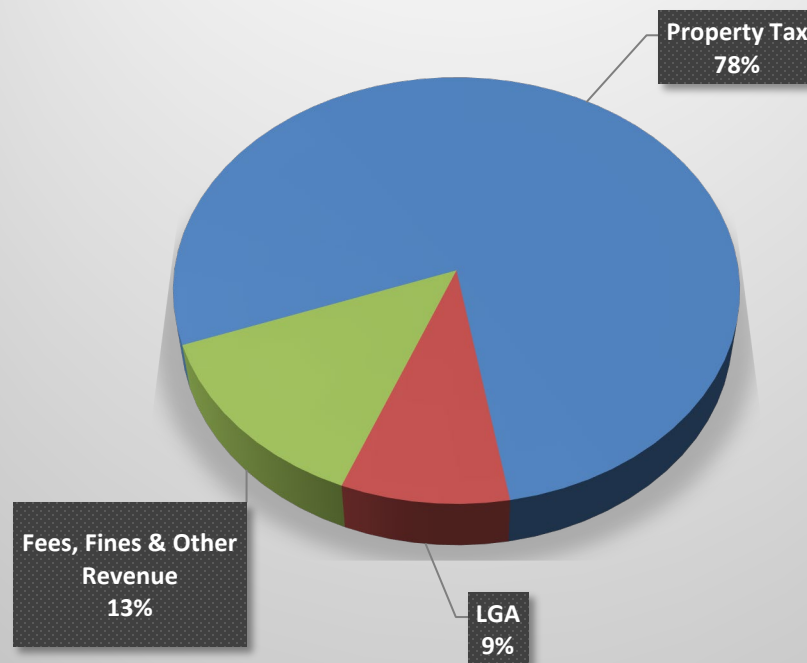




General Fund Revenue Sources

www.minneapolisparcs.org/budget

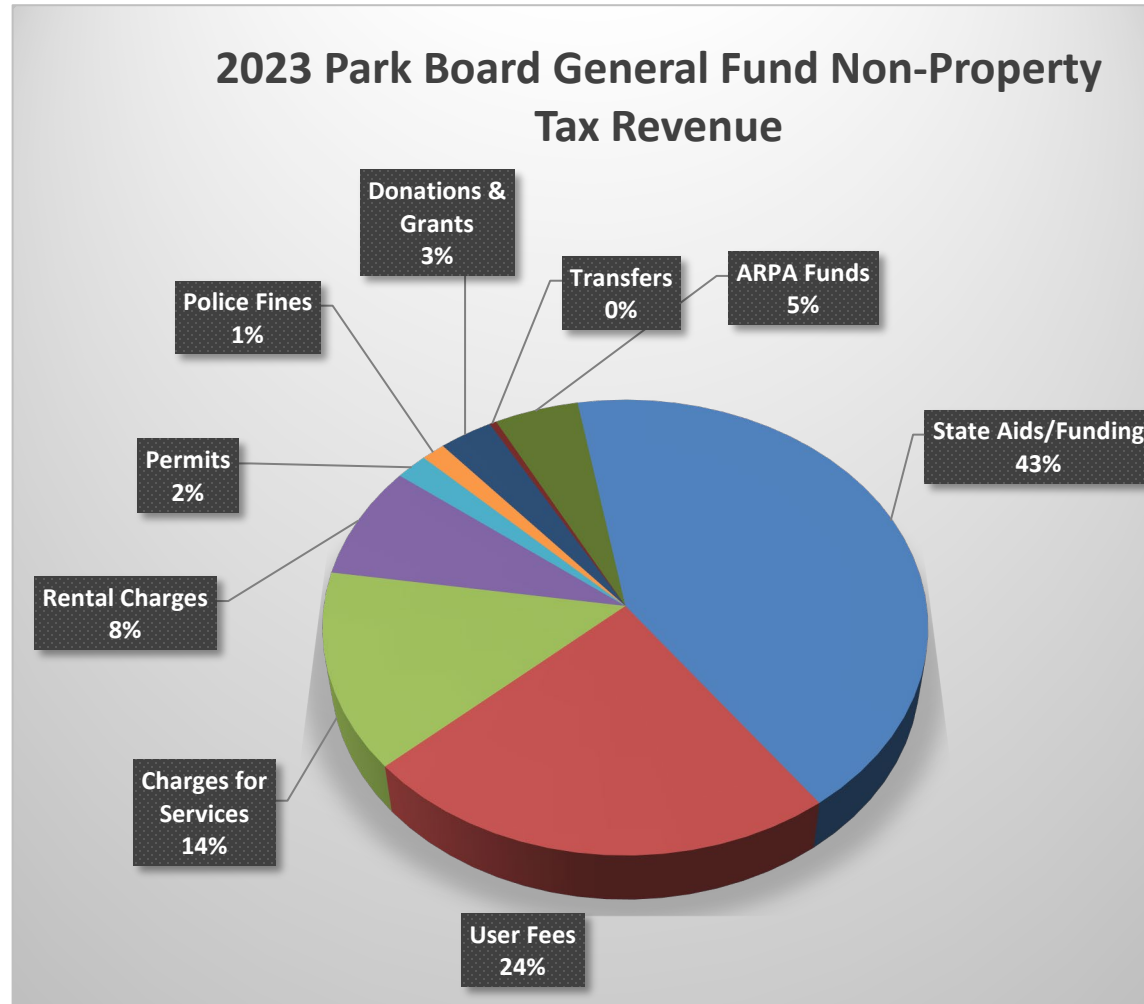
2023 Park Board General Fund Revenue by Major Sources





General Fund Non-Property Tax Revenue

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Revenue Sources

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| Revenue Source | Property Taxes | Fees & Charges | City Funding | State Funding | Federal Funding | Grants & Donations |
|----------------|---|---|---|--|---|---|
| Type | Ongoing | Ongoing | Ordinance/Bonds | Legislative | Legislative | Private |
| Impact | Property owners | Park Users | Dependent on Source | Dependent on Source | Dependent on Source | Funders |
| Considerations | Sustainable – Can be impacted by economic conditions | Dependent on usership | Dependent on Economic Conditions and City/Park Relationship | Dependent on Economic Conditions and Political Climate | Dependent on Economic Conditions and Political Climate | Dependent on Funders |
| Updates | Consider impacts to residential properties, levels of new construction, and commercial vacancies in the downtown corridor | Board provided for free youth programming in ACP areas, offset by an increase in donation expectation | 20- year Neighborhood Park Plan | Current State Surplus will result in significant one-time and on-going increases to the MPRB | Significant federal relief provided to states and local governments 2020 CARES Act, 2021-2024 American Rescue Plan Act (ARPA) | Seeing increases due to the MPF, federal and state grants |



Other Funding Sources

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| Funding Source | Expenditures | Expenditures | Fund Reserves |
|----------------|---|---|---|
| Description | Current Service Level Reductions | Organization Restructure | Board allocation of excess fund reserves |
| Type | on-going | on-going | One-time |
| Impact | Budget requests and impacts are submitted during the budget process and choices are weighed against competing needs and decisions are made within current available resources | Will either expand or contract the operating budget - improve operational efficiencies or respond to an economic crisis | Available fund balances shall not be used for ongoing expenditures. Emphasis shall be placed on one-time uses that achieve future operating cost reductions or stimulus spending in the time of a recession |



Legacy Funding Source Examples

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- State Legislative Agenda
 - Dibble – Hornstein Parkland Dedication Fee Fund
 - Minnesota State Legislature and concurrent City and MPRB Ordinances established the Park Dedication Fee and the MPRB has been collecting the fee since January 1, 2014



Legacy Funding Source Examples

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- Property Tax Levy
 - Tree Preservation & Reforestation program (Tree Levy)
 - Used MPRB levying authority for this specific eight-year project instituted in 2014
 - Replanting of trees lost in the 2011 North Minneapolis tornado and the 2013 Minneapolis windstorm
 - Remove and replace the 40,000 public ash trees due to Emerald Ash Borer infestation
 - 20-Year Neighborhood Park Plan (NPP20)
 - City Council and MPRB, passed Concurrent Ordinances that guarantees an additional \$11M a year for 20 years for the neighborhood park system for years 2017 - 2036
 - \$3.0 million in the MPRB General Fund Property Tax Levy for neighborhood park maintenance
 - \$8.0 million additional for a total of \$10.5 (\$2.5 million predates NPP20) for neighborhood park rehabilitation and Capital.



Legacy Funding Source Examples

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- Property Tax, Grants, Current Service Level Reductions, and Organizational Restructure
 - Strategic Direction A – Invest in youth
 - Performance Goal A1 - Increase the number of youth focused programs - 2019 – 2022 increased funding by **\$3,084,575**
 - Performance Goal A2 -Strengthen and expand MPRB’s youth employment programs (ages 14 - 24) - 2019 – 2022 increased funding by **\$1,059,712**
 - How was the youth investment funded?

| Description | Amount |
|---|-------------|
| Property tax levy increase | (1,450,000) |
| ARPA funding | (1,300,000) |
| Revenue increases - not associated with youth | (67,178) |
| Position eliminations - 9.8 FTEs | (1,014,435) |
| Lobbyist reduction | (76,000) |
| Early paydown of debt service | (236,674) |
| Total | (4,144,287) |



Legacy Funding Sources – Being Considered

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- Property Taxes (Bond Redemption/Permanent Improvement)
 - Parkways
- Utility Fee
 - Stormwater
- Private/Philanthropic
 - Endowments



2023-2026 Strategic Directions, Performance Goals and Priority Comprehensive Plan Strategies

EVERY KID IN
MINNEAPOLIS
RUNS TO FUN!

BUILD
COMMUNITY

"Buy in"
"Selling Fun"

ESTABLISH
BUY IN
THE
STEWARDSHIP

MAKE
RELEVANT
AND
SUITABLE

ADDRESS
CANDOR
RESPONDING

FACTS -
DATA -
REASONING

##

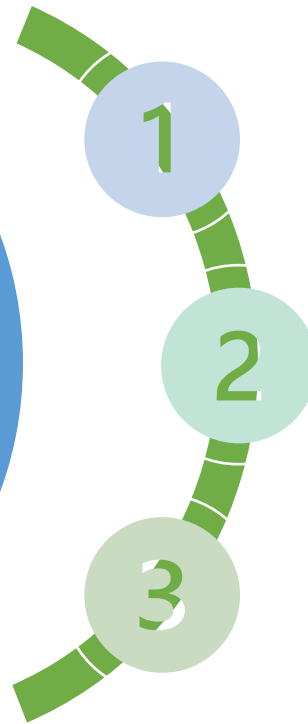
Compare
Financial
Solutions

Hopes, Hurdles and Highways

pay. in
UNDERSTAND

~~CREATE~~
MEASURE THE
FINANCIAL ~~COST~~
COST AVOIDANCE.

Strategic Directions



Comp Plan
Strategies
2.2,4.1,6.2

Comp Plan
Strategies
2.9,3.3,8.1

Comp Plan
Strategy 9.2

Parks for All,
the MPRB Comprehensive Plan
2021-2036 (full direction)

Strategic
Directions
2023-2026 (filter)

Prioritized
Comp Plan
Strategies

MPRB Direction Framework

5 Strategic Directions

- Sets organizational priorities for next four years
- Approved by the Board

37 Prioritized Comp Plan Strategies

- Strategies from the Comp Plan that align with the Strategic Directions
- From Board Approved Comprehensive Plan

15 Performance Goals


- 4-year performance goals for organization based on Strategic Directions and Prioritized Comp Plan Strategies
- Foundation of Supt's Review
- Approved by the Board

Budget Actions (Implementation Plan)

- Actions staff establish to implement Performance Goals
- Reported on quarterly and included in Annual Budget

A large orange shape on the left side of the slide, consisting of a rectangle with a quarter-circle cutout on its right side.

Priority Worksheet

- Compiled top 3 priorities received from each Commissioner
 - Added themes
 - Added priority Comprehensive Plan Strategies consistent with Strategic Direction and Performance Goal assignments
- 
- Three short, thick yellow curved lines in the bottom right corner of the slide.

Priority Themes

- Capital Investment
- EAB Support
- Level of Service - Asset Management
- Moving Capital Resources to Rehab
- Natural Area Management Plan Implementation
- Park Police/Public Safety Resources
- Parking
- Parkway Pavement*
- Parkways – Master Plan
- Program Implementation
- Water Quality/Stormwater*
- Youth Programming Funding

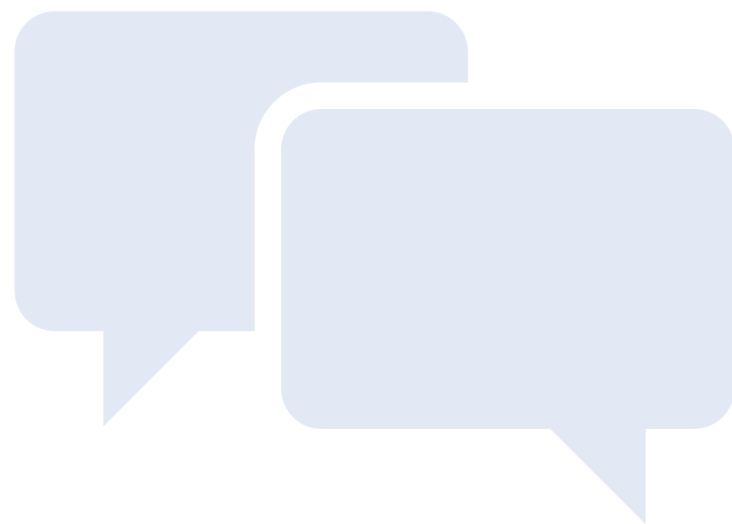
Assignment

3 dots – top priority

1 dot – least priority



Discuss Results



Recommended
for One-time
Regional Funds

- Capital Investment
- Level of Service - Asset Management
- Natural Area Management Plan Implementation
- Park Police/Public Safety Resources

Not
Recommended
for One-time
Regional Funds

- Capital Investment
- Moving Capital Resources to Rehab
- Natural Area Management Plan Implementation
- Park Police/Public Safety Resources
- Parking
- Parkways - Master Planning
- Program Implementation
- Youth Programming Funding

Differences Discussion

Capital Investment

Natural Area Management
Plan Implementation

Park Police/Public Safety
Resources



Current Service Level Discussion

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- Entering budget process, health and economic crisis impacts lessening
- Conditions settling into a new normal – with new issues to confront
 - Inflation on Goods & Services
 - Wage Inflation
 - Worker Shortage
 - Recession Risk
 - Revenue Changes
- Current Service Level
 - Understanding impacts to programs, services, events and park use
 - Refining levels of service based on those changes



Current Service Level

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| General Fund Property Tax Levy Increase | | 6.19% | 5.26% | 5.20% | 5.20% | 4.37% |
|---|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Adopted | Est | Est | Est | Est | Est |
| | Budget | Budget | Budget | Budget | Budget | Budget |
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
| Property Taxes | 77,671,722 | 82,477,900 | 86,816,238 | 91,330,682 | 96,079,877 | 100,278,568 |
| Local Government Aid | 8,788,509 | 8,788,509 | 8,788,509 | 8,788,509 | 8,788,509 | 8,788,509 |
| American Rescue Plan Act | 1,092,000 | 875,400 | 0 | 0 | 0 | 0 |
| Fees, Fines and Other Revenues | 12,282,898 | 11,655,730 | 11,655,730 | 11,655,730 | 11,655,730 | 11,655,730 |
| Total Revenue | 99,835,129 | 103,797,539 | 107,260,477 | 111,774,921 | 116,524,116 | 120,722,807 |
| Full-Time Wages & Fringe | 51,484,246 | 53,328,263 | 55,506,286 | 57,755,833 | 59,749,111 | 61,810,657 |
| Part-Time Wages & Fringe | 12,116,463 | 12,474,833 | 12,849,257 | 13,245,047 | 13,852,274 | 14,247,567 |
| Health Insurance | 8,512,905 | 8,938,550 | 9,385,478 | 9,854,752 | 10,347,489 | 10,864,864 |
| Other Expenditures | 24,902,583 | 26,236,959 | 27,339,276 | 28,513,390 | 29,756,310 | 30,980,787 |
| Operating Costs | 97,016,197 | 100,978,606 | 105,080,297 | 109,369,022 | 113,705,184 | 117,903,875 |
| Neighborhood Park Capital Levy | 2,180,000 | 2,180,000 | 2,180,000 | 2,180,000 | 2,180,000 | 2,180,000 |
| Operations Facilities | 363,326 | 363,326 | 363,326 | 363,326 | 363,326 | 363,326 |
| Park Land Acquisition Reserve | 275,606 | 275,606 | 275,606 | 275,606 | 275,606 | 275,606 |
| Total Expense | 99,835,129 | 103,797,538 | 107,899,229 | 112,187,954 | 116,524,116 | 120,722,807 |
| Estimated Gap | | 0 | (638,752) | (413,033) | 0 | 0 |



Current Service Level

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| 2024 General Fund Current Service Level Budget | |
|--|---------------------|
| 6.19% General Fund Property Tax Revenue Increase | \$ 4,806,178 |
| Fees & Charges Reductions | \$ (627,168) |
| ARPA Reduction | \$ (216,600) |
| Revenue Increases | \$ 3,962,410 |
| Provision For Wage and Benefit Adjustments | \$ 2,234,574 |
| Provision For Contractual Services, Utilities, and Materials & Supplies Adjustments | \$ 1,102,261 |
| City Fee Increases | \$ 223,361 |
| System Equity Investment | \$ 34,214 |
| Strategic Direction D - Care for Park Assets - Planning Position & Asset Management Project Manager/Analyst Positions | \$ 368,000 |
| Expenditure Increases | \$ 3,962,410 |
| Balanced 2024 General Fund Budget | \$ 0 |



Current Service Level – System Equity Investment

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| Park | Full-Time FTE | Part-Time/ Seasonal FTE | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------------|------------------|-------------------------------|-----------------|------------------|------------------|------------------|------------------|
| Dog Grounds | | 0.50 | \$34,214 | | | | |
| Skate Parks | | | | \$8,487 | | | |
| Graco | 3.25 | | | \$405,236 | | \$5,455 | \$59,850 |
| Upper Harbor Terminal | 3.50 | 3.46 | | | \$488,147 | \$73,163 | \$114,632 |
| Lake & Hiawatha | 0.25 | 0.25 | | | \$7,215 | | |
| Southwest Light Rail | | 0.50 | | | | \$32,514 | |
| Water Works II | 0.50 | 0.25 | | | | \$81,117 | |
| North Commons | 0.50 | 4.32 | | | | \$291,268 | |
| Total General Fund | 8.00 | 9.28 | \$34,214 | \$413,723 | \$495,363 | \$483,516 | \$174,482 |



Maximum Property Tax Levy Discussion

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Board of Estimate and Taxation

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In 1919 an act of the State Legislature created the Board of Estimate and 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 and Taxation

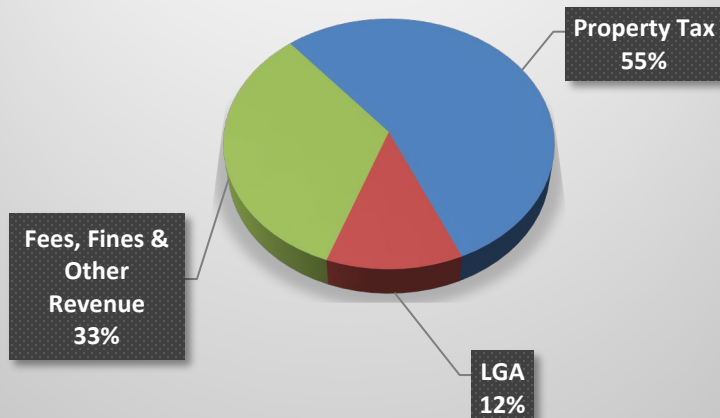
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- As required by State Law, the Board of Estimate and Taxation sets the maximum property tax levy for the City of Minneapolis, Minneapolis Park and Recreation Board, Municipal Building Commission, and Public Housing Authority
 - The MPRB by resolution 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

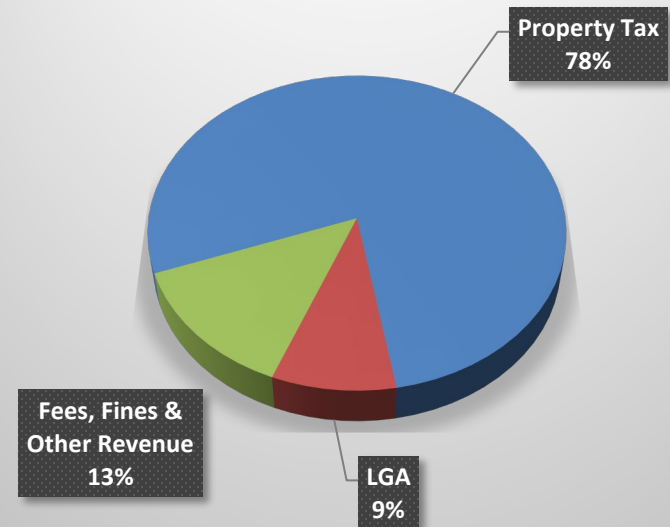


- The Park Board is heavily reliant on property taxes, while the City of Minneapolis has more diversified revenue sources, reducing reliance on property taxes.

**2023 City of Minneapolis
General Fund Revenue by
Major Sources**



**2023 Park Board General Fund
Revenue by Major Sources**





2023 City of Minneapolis Tax Levies

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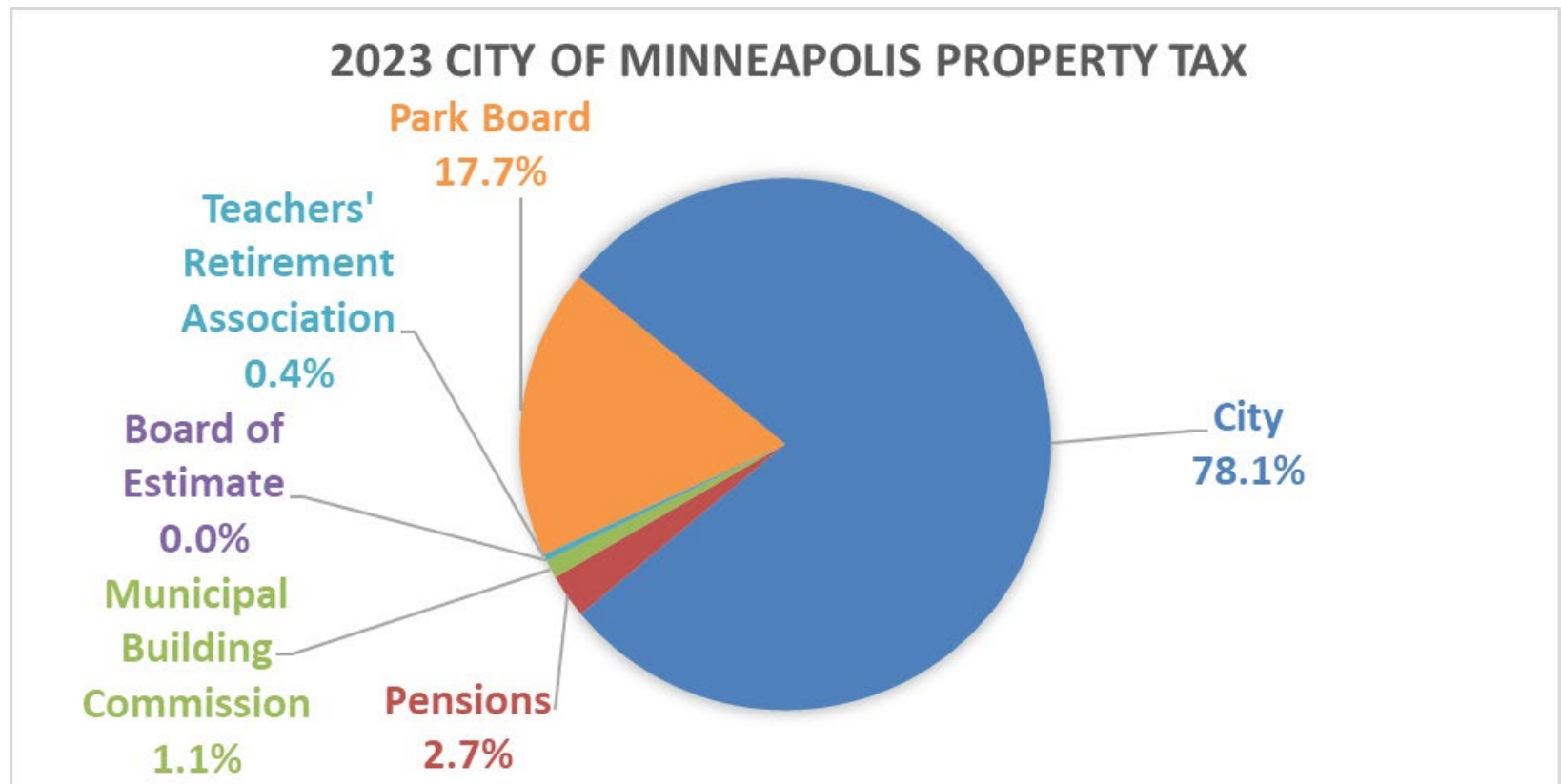
| 2023 Proposed | 2022 | 2023 | |
|---------------------------------------|--------------------|--------------------|--------|
| General Fund | 262,532,275 | 286,963,777 | 9.3% |
| Park Board | 74,439,000 | 78,456,285 | 5.4% |
| Bond Redemption/Permanent Improvement | 57,650,000 | 60,290,000 | 4.6% |
| Pensions | 14,810,000 | 11,942,323 | -19.4% |
| Teacher's Retirement Association | 2,300,000 | 1,632,323 | -29.0% |
| Municipal Building Commission | 5,578,000 | 5,000,000 | -10.4% |
| Board of Estimate and Taxation | 110,000 | 102,000 | -7.3% |
| | | | |
| Total Property Taxes | 417,419,275 | 444,386,708 | |
| | | | |
| Overall Increase | | 6.5% | |

Source: 2023 City of Minneapolis Adopted Budget



Property Tax Allocation by Area

www.minneapolisiparks.org/budget





Estimated 2023 Property Taxes paid by Minneapolis Residents

Parks 7.8¢



City 36.3¢



Schools 25.2¢



County 26.2¢



Other 4.5¢





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



2023 Property Assessment for 2024 Property Taxes

- Residential values increased 3%
- Apartment values increased 3%
- Commercial/Industrial values increased 6%

Future Outlook

- In 2023 residential properties were impacted by the property tax increases at a higher rate than apartments and commercial/industrial. That should not be the case in 2024.
- Reduction in apartment construction or commercial vacancies downtown will impact future years
- There are no expiring TIF districts to reduce the impact of tax increases



Estimated Impacts of the 2023 – 6.5% Property Tax Increase

Est. Market Value

245,000

224,000

EMV Change

9.4%

Projected City Taxes

\$1,359

\$1,228

Annual Tax Change

\$131

10.7%

Est. Market Value

319,000

292,000

EMV Change

9.2%

Projected City Taxes

\$1,835

\$1,668

Annual Tax Change

\$167

10%

Est. Market Value

424,000

394,000

EMV Change

7.6%

Projected City Taxes

\$2,506

\$2,328

Annual Tax Change

\$178

7.6%



Maximum Property Tax Levy Options

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| Minneapolis Park & Recreation Board Total Certified Property Tax Levy Options | | | | | |
|---|--------------|----------------|-----------|----------|--------------------------------|
| Current Service Level Increase | | | | | |
| | 2023 Adopted | 2024 Projected | Change | % Change | % Increase City Property Taxes |
| Minneapolis Park Board | 78,456,285 | 83,311,010 | 4,854,725 | 6.19% | 1.1% |

- The Current Service Level 6.19% General Fund property tax increase is a 1.1% increase on total City of Minneapolis property taxes.
- A 1% increase in property taxes generates \$785,000 in revenue for the Park Board and is a 0.18% increase on total City of Minneapolis Property Taxes.
- All things being equal, the 6.19% increase is an estimated increase of \$20 on a median value home (\$329,000). Actual impacts are not known until the fall.



Commissioner Comments & Questions

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Closing Remarks

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