Minneapolis
Park & Recreation Board

2025 -2026 BUDGET ISSUES

The following issues to consider impacting the financial condition of the Minneapolis Park and Recreation Board (MPRB) are in addition to direction being set forth by the Board in the 2023-2026 Strategic Directions and Performance Goals.

- **Staff care, hiring and retention**
  - **Hiring and retention incentives and staffing shortages in specific categories**
    Public sector jobs have been slow to rebound in the aftermath of the COVID19 pandemic. More specifically, in Minneapolis, the death of George Floyd and subsequent civil unrest, along with increases in violent crime, on-going concerns related to homelessness, and political division have further disenfranchised potential public employee candidates. This worker shortage is not confined to the MPRB and is impacting public service delivery across many agencies and workgroups. As a result, public agencies are in competition with each other due to a scarcity of candidates in certain fields. Within the MPRB, worker shortages are pervasive within the ranks of police officers, lifeguards, equipment operators, auto mechanics, park keepers, recreation outdoor supervision staff, childcare workers, and seasonal hiring. With equipment operators and auto mechanics both positions require a commercial driver's license (CDL). The qualified applicants for these positions are very low causing high competition for workers. Such competition drives up the cost of acquiring workers or their current employer offers the person more money to stay employed. Also to remain competitive within the job market, the MPRB must consider adopting hiring and retention incentive pay for certain, in demand job titles. For example, the City of St. Paul is offering a $3,000 hiring bonus for new officers and $4,000 for lateral candidates. Today there are currently 183 job postings for police officer positions in Minnesota. Many of these postings are for multiple vacancies. If the MPRB desires to be an "employer of choice" there must be new and creative approaches to recruiting and retaining employees. Compensation, including hiring and retention incentives, must remain top of the market. In addition, consideration must be given to innovative work schedules, insurance for part-time employees and benefits. Without a stable and fully staffed workforce, MPRB service levels will inevitably shrink.
  - **Statewide paid Family and Medical Leave Insurance Program**
    Effective 1/1/2026 a state administered mandatory paid family and medical leave insurance program will provide partial wage replacement for both family and medical leave. The program will be administered by the Department of Employment and Economic Development (DEED) where employees would apply for leave. Premiums for the program will be split between the employer and employee, and employees may choose to use the employer's leave instead of the state program. Employee eligibility for the state leave program and length of leave may be greater than what is currently available under federal law. Details are still being discussed. The impact to the MPRB suggests higher employee costs to fund the program, more employees qualifying for family and medical leaves and perhaps being out for longer periods of time and the need to allocate staff and resources to cover for those employees who are unable to work.
  - **FMLA/ADA requests**
    The MPRB is a part of a larger nationwide trend of needing to respond to and administer increasing numbers of Family Medical Leave (FMLA) requests and requests for medical

accommodations due to a health or medical condition, impairment, or disability (ADA). The requests and timely follow-up and administration require significant HR time and must be handled confidentially due to the medical information involved. Some employers are moving to outsourcing such administration. The impact on the MPRB suggests higher costs if a third-party vendor is involved and allocating staff and resources to cover for those employees who are unable to work. Also, given the expansion of FMLA in defining family as well as procedural modifications i.e. proof of documentation, usage is increasing and causing more long- and short-term vacancies. With more long- and short-term vacancies in our workforce, the cost to cover those vacancies also increases.

- **Workers' compensation**
  There are two areas of workers' compensation for the MPRB to pay attention to in the coming year. One is reported work injuries from first responders with post-traumatic stress disorder (PTSD) which can result in costly settlements, and the second is potential changes coming in how permanent partial disability (PPD) ratings are calculated. PPD refers to a workers' compensation benefit paid as compensation for the loss of use of or the loss of body function due to a work comp injury. Not every claim result in a PPD rating; it depends on the severity of the injury. There is a proposal to restore PPD benefits to where they would be if indexed to wage growth since 1983 – potentially resulting in substantial additional costs to employers and insurers. The Department of Labor estimates a 238% increase while other sources estimate closer to a 305% increase. Going forward there would be an annual cost of living assigned to PPD benefits.
- **Competitive wages, market-based wage study (including needs for Provisionals)**
  The Human Resources Department posted a Request for Proposals to conduct a wage study on the jobs performed at MPRB. This study will provide information on wages paid within MPRB and how they compare to other comparable jobs in other agencies and/or municipalities. This study may show the need to adjust salaries and funds will need to be set aside to make any needed monetary adjustments for workers in 2025/2026.
- **Collective Bargaining Agreements**
  Two collective bargaining agreements expired on December 31, 2023 with all other agreements expiring on December 31, 2024. Labor agreements include a general wage increase on employees' salaries and can also include monetary items such as longevity and safety allowance. After the great recession annual wage increases have been between two and three percent per year. With a continued strong labor market and high inflation, other agencies settling in 2023 and later have included larger annual wage increases. The MPRB will need to consider increased annual wage increases in the near term to remain competitive and retain employees in the current job market.

- **Staffing levels**
  - **Review of organization-wide staffing levels and capacity**
    Between 2018 - 2021 the Board's commitment to youth investment, increasing youth access to programs and services, and the protection of that investment during the pandemic required tough decisions be made within every MPRB division. Additionally, the Board began to make system equity investments to staff new and emerging facilities. The budget process included significant reductions in many divisional budgets except the youth funding allocated within those divisions and the system equity investment funding in some areas, most non-youth related budget requests were not approved, positions were eliminated in non-youth or system equity investment areas when budget cuts were necessary, other expenditures reduced, and non-youth program fees and charges increased to support and protect the youth investment. Also, during this time, the Superintendent and Board approved organizational structure changes to increase accountability, better serve our communities, and streamline

the Recreation Division reporting structure. The MPRB successfully obtained the youth investment increase and made positive steps in addressing system equity investment and is now focused on implementing those changes. As the MPRB remains committed to providing excellent services and maintaining an extraordinary park system within available resources, it is also important to review staffing levels and capacity organization-wide to ensure operational challenges are met by evaluating and adjusting core services, increasing workforce flexibility, improve worker safety, and evaluating the allocation of resources based on utilization and community need.

- **Outdoor park supervision**
  Increasingly staff are identifying the need for more outdoor supervision to promote safe and positive park visitor engagement and staff work experience. The purpose of outdoor supervision is to have MPRB representation in places where we have the highest volume of use in regional and neighborhood parks. Outdoor supervision is primarily about visitor services; having staff who can answer questions, provide directions, solve problems, address negative behaviors, and represent the MPRB's mission over outdoor spaces and amenities. An important ancillary component of their duties is to provide intentional observation over how spaces are being used. That might require an outdoor supervisor to enforce MPRB rules or intervene in inappropriate behavior. Just as likely, they will be in a good position to call for additional resources and support. The mere presence of identifiable, trained, professional staff will result in better managed park spaces. An outdoor supervisor might deal with issues related to picnic shelter conflict, monitoring wading pools and restrooms, monitoring sport courts and court conflicts, monitoring athletic facility spaces and conflicts, identifying problems, monitoring for maintenance needs, etc. An outdoor supervisor might also do some level of programming, depending on the park and amenities (facilitated 3 X 3 basketball, etc.). Staff will be exploring options for increasing outdoor supervision through staffing and contractual resources. Additional resources may be needed to provide short- and long-term outdoor supervision.
- **Data requests**
  Over the past five to six years the MPRB has experienced more significant resource needs to address data requests. Requests are increasing in number (three times the amount since tracking began in 2017) and in many cases require extensive review of emails, couple of the requests have over 60,000 emails to review. Staff and legal counsel are both engaged in working toward fulfilling requests, but additional resources are needed on occasion to provide timely responses in context of other organization needs. In 2023, there was an increase of 65 more data requests than in 2022. There are 24 outstanding requests from 2023, due to the amount of data (email communication) being requested. One request received required a 10-day turnaround required by MN Statute 13.43, that required nearly 90 hours of time between three staff (one MPRB and two Legal). As of March 2024, there are 20 new data requests along with the 24 from 2023 that require review and action. The City of Minneapolis has also experienced a large increase in data requests and has increased their staffing levels over the past four years. With the trend of increased data requests for government entities, additional resources, staffing or contractual are needed to fulfill these requests and stay compliant with state law.

- **Capital investment**
  - **NPP20 Capital and Rehabilitation Funds**
    Adjustments were made in the apportionment of NPP20 Capital and Rehabilitation Funds in the 2024 Budget as approved by the Board of Commissioners. Staff continue to work toward alignment that allows funds adequate to perpetuate park assets under various rehabilitation categories until they can be addressed under a capital project. In the 2024 Budget, some capital funds were redirected to rehabilitation categories, including to a new rehabilitation category for fields. Staff continue to work on best alignment for projects, wherein

rehabilitation funds might be used to support aspects of a capital project, allowing for more efficient use of staff time and available funds, and subjecting a park or portions of a park to shorter periods of closure.

- **Phelps Recreation Center**
  Boys and Girls Club of the Twin Cities, the current tenant in the Phelps Recreation Center, will be requesting its final extension of a lease for the center. The Board's approval would set the termination in five years, or July 2029 at which point the Boys and Girls Club will vacate the center. While still distant, staff anticipate the need to upgrade or renovate the center after years of occupation by the tenant, a process that not only takes time to plan but will likely be a year in construction. Planning would likely begin two years prior to the tenant's departure. In addition, the building upon occupation by the MPRB will utilize Asset Management staff for operations and maintenance and Recreation staff for programming and services. Physical upgrades to a building are difficult to predict but might result in one-time costs of $812,000 for roof replacement and $580,000 for replacement of HVAC components, both of which were analyzed in 2019 and 2021 and were recommended for replacement. General upgrades to the building such as painting, flooring replacement, ADA corrections and other interior finishes might be up to $1 million. These costs do not reflect additions to the building.
- **RiverFirst**
  While major strides forward have and are occurring relative to the vision shared in RiverFirst, the key issue remains funding for acquisitions. With Upper Harbor, Graco Park, and the Ole Olson to 26th Avenue Trail nearing completion, significant new park opportunities will open for neighborhoods and park users on both sides of the river. While none of these facilities will be wholly built-out as part of their current construction, pieces can be added incrementally. The more important aspect of RiverFirst is ensuring the MPRB has funds to be quickly responsive to land acquisition opportunities. The MPRB has been successful in gaining LCCMR funds directed to acquisitions but it's not always the most appropriate funding tool.
- **Reinvesting in operation facilities**
  Many of the MPRB's operations facilities continue to provide subpar facilities supporting staff's work to maintain parks and park buildings. Significant funds were directed to repairs of the roof at Southside Operations Center but work to secure the building and equipment yard remain. In addition, there is limited space for new staff at Southside Operations Center as it is currently configured. Hiawatha Tool remains a focus for investment because of the lack of contemporary spaces for staff, storage, and equipment. In addition, storage remains a key need supporting operations. The annual budget has directed between $230,000 to $500,000 to support renewal or upgrades to operations facilities since 2015, with the most recent allocation being $363,326. The current balance is $2,179,866, an amount that falls far short of the need. The most essential major investment would be in Hiawatha Tool, where staff have advanced a preliminary design aimed at incremental upgrades, with a total estimated cost of $12,800,000 and a first phase estimated to be $2,400,000.
- **Enterprise Fund capital investment**
  Historically, the Enterprise Fund has financed its Capital Improvement Program (CIP) 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. In 2020, due to COVID-19 and anticipated revenue losses, 2020 capital projects were once again deferred. 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-a-sides aimed at repair and replacement cannot be fully realized until the Fund is generating significantly greater revenue. The Superintendent is committed to phase in these increases and the 2023 Annual Budget included the Enterprise Fund 2023- 2028 CIP.

- **Nicollet Island Pavilion**
  The Nicollet Island Pavilion is a unique asset which is housed in the Enterprise Fund and has been host to contractual Enterprise Concessions Agreements with an outside vendor for operations of the space. The current agreement is nearing expiration and staff have been exploring the future of the facility. However, years of deferred maintenance due to resource constraints have resulted in the need for a large-scale renovation of the building. As part of the East of the River Master Plan, MPRB Planning obtained a grant from the St. Anthony Falls Heritage Foundation for an East Bank Park Implementation Study. This study laid groundwork and guidance for implementation of the Master Plan's recommendations. The study revealed that an overhaul and renovation of the building would require a five-year timeline that would include stabilization, redesign, and construction at an estimated project cost of $14.86 million. The current tenant at the Pavilion will be in the last two years of their contract agreement during 2025 and 2026. Staff will be working on a solicitation for an operator that may result in closure of the Pavilion after 2026 for capital improvements.
- **Northeast Ice Arena**
  After being built in 1997 and operated by volunteers until the MPRB acquired the Northeast Ice Arena in 2006 and has been operating it during winter months continuously since that time. Staff have conducted studies that demonstrate a wide range of concerns, most notably with the mechanical systems supporting the arena's single sheet of ice. A whole building assessment was conducted in 2023, an investigation that looked at code compliance, envelope and mechanical systems, interior and exterior finishes and components, ice and refrigeration systems, and parking areas. Repairs or replacements include roof replacement (estimated at $1,125,000); building envelope improvements ($350,000); Interior improvements including ADA compliance work ($950,000); security upgrades ($125,000); ice sheet replacement ($2,600,000); and parking and site improvements ($1,650,000). Upgrades for an elevator are also needed but the costs have not been estimated. In 2024 dollars, the work identified in the studies and assessment for NE Ice Arena totals $6,795,000.
- **Wirth Golf Course**
  Two years ago, portions of the golf course flooded following the collapse of a culvert extending under the CP railroad tracks. Meltwater from snowmaking operations may exacerbate the flooding in some years as a stormwater pond near the Trailhead parking area is overwhelmed. Working with the railroad to make repairs would result in a project with a cost estimated to be more than $2 million. As a result, staff have framed two alternative solutions. The first option is the addition of a temporary pump to move water from the golf course and the pond through a hose to a point where it would flow to Bassetts Creek. The temporary pump solution is estimated to be $200,000 to $300,000. The second option is a redesign of two golf holes to add water features that offer natural flow to the creek. While a specific design has not been created, the cost of the second option might be $500,000 to $1,000,000, depending on the ability to reuse portions of two golf holes.

- **Legacy infrastructure**
  - **Historic and iconic homes**
    The MPRB, in concert with Hennepin County's Productive Day program, conducted exterior repairs to the Longfellow House and the Ard Godfrey House. Productive Day is a carpentry training program offered to at-risk older teens with a strong record of placing "graduates" into private sector construction jobs. While the program has helped with exterior envelope conditions, the buildings continue to age and will require continuing attention to remain in a reasonable repair, especially relative to

degradation of wood siding, roof materials, and paint. Future funding to support the carpentry training program will require additional resources.

- **Stevens House stabilization**
  Following discussion with the Board of Commissioners related to the future of The Stevens House, staff are proceeding with a construction contract that will restore portions of the structure damaged by the fires. The use of the Stevens House and funding to provide greater security remain an issue. As the restoration process proceeds staff will be exploring a range of opportunities for the structure's use based on having a restored and operable structure, including finding a partner for programming the building, using the building for some staff function, or conveying the building to another entity—all of which are stronger possibilities based on a building that has been restored after the fires.
- **Other legacy infrastructure**
  Legacy infrastructure includes bridges, WPA walls, art/statues, fountains, stairways, and shoreline/bluff walls, with most demonstrating some degree of degradation or, in the case of some stone walls along water features might be nearly complete deterioration or failure. The historic context of this infrastructure may limit options and replacement/renovation is expensive. In some cases, naturalization or resiliency techniques are a better solution to rebuilding. Currently, there is no dedicated funding and sources will need to be identified and explored.

- **Security and alarm upgrades**
  Staff have developed replacement plans for the security and alarm systems throughout the park system. Many of the current systems are out of date, not in working order, and require extensive people hours to sustain. Over the years funding for replacements and upgrades has most typically been sporadic and uncoordinated. A more dedicated approach is required to ensure park patron and staff safety, reduce time individuals spend operating the systems, and improve operations of the equipment. In 2023, the Board dedicated $50,000 to creating a replacement fund for existing security and alarm upgrades with a planned $50,000 additional funding to be phased in over the next four years until the fund reaches $250,000. This does not include the additional systems. There are currently 80 sites where aging equipment needs to be replaced. Depending on the size of the site the cost ranges between roughly $12,000 and $24,000 per site.
- **Network infrastructure construction costs**
  Over the last 20 years MPRB has built out internet, local area network (LAN), and wireless networking infrastructure at 81 locations which include Recreation and Operations Centers, Headquarters, public restroom locations, and Golf Clubs across Minneapolis. Based on analysis of current contracts and circuit records, these circuits are almost entirely comprised of copper coaxial wiring.
  - The demands placed on these circuits and the bandwidth they support have changed significantly since 2014 when the last significant work was done on internet connectivity. From Teams meetings, to snowplowing, to E-Sports and Spark'd Studios, MPRB's demands, and business needs require functionality which current network infrastructure was not designed to support. The biggest complaints ITS receives from Recreation and Operation centers are concerns about network connectivity issues and poor network performance.
  - To address this, MPRB ITS is redesigning network infrastructure from the ground up and has developed a strategy to move internet connectivity from copper based coaxial cable-based internet connectivity to fiber optic internet connectivity. Installed cabling will increase network capacity and speed at MPRB locations where it is installed by over 10 times. Network speed, connectivity, and capacity issues are the number one issue in Rec and Operation Centers and Golf Courses according to 2024 ITS Customer Satisfaction surveys.

        - MPRB ITS has developed a plan to convert copper internet circuits to fiberoptic internet service at all MPRB locations. Given the variability of costs depending on location conditions, MPRB ITS estimates the average cost per location to between $2500 and $5000 for construction including boring underground to bring fiber optic cabling into a park facility. Converting around 24 sites to fiber optic internet during the 2025/2026 budget cycle with an average cost estimate per site of $3750, would be a total cost of $90,000 for the two-year budget cycle.
    - **Office and call center phone system replacement**
      MPRB's current contract for office and call center phone system equipment expires in 2024 and we plan to extend service on current infrastructure into 2026. The direction MPRB ITS recommends is to move towards unified communications as a service and contact center as a service (UCaaS and CCaaS) for several reasons including resilience and optimization of equipment and more integration with Microsoft Teams and supporting services which deliver call center functionality as a cloud-based service. Currently MPRB has between 350 – 400 active phone lines across the agency including phone lines used for three call centers in ITS, Forestry, and Customer Service. ITS estimates a bubble cost in 2026 of approximately $110,000 for implementation and software licensing, as we migrate MPRB's phone system and call centers to cloud based centralized calling infrastructure.

- **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 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, 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.
    - **Development of an enterprise operating model for the Minneapolis Sculpture Garden**
      Methods of orchestrating a micro-enterprise to support operations of the Minneapolis Sculpture Garden continue to be developed. Staff have issued an RFP for a concessions and programming vendor and are awaiting responses. Staff have worked in the past year to understand expenses, and revenue potential from events and parking. It is estimated that a new vendor contract will need to produce between $100,000 - $150,000 per year to attain a service delivery and programming model that provides revenue sufficient to offset operating costs. Additionally, more revenue will be necessary to create a long-term asset replacement strategy for the park. The responses to the RFP will help determine if this level of revenue is feasible. If it isn't, the MPRB will need to consider moving the Sculpture Garden expenses to the General Fund. This would be an impact of approximately $360,000 to the General Fund and future impact to the Neighborhood Capital Improvement Program.
    - **Development of an enterprise operating model for Waterworks**
      Methods of orchestrating a micro-enterprise to support operations of the Waterworks began in 2021. The current pro-forma indicates a five-year plan for profitability and considerations will need to be made to support the operations as it starts up and is established. In 2022 and 2023, Waterworks exceeded expectations for revenue. This is due to the very successful concessions operator at the site. Waterworks is performing very well, however, the initial pro-forma and design included additional revenue generation in the river phase of the project. It is important to continue to pursue additional revenue opportunities to ensure financial resiliency for the site.

- **Use and Event Permitting**
  The MPRB has experienced changes in event permitting trends since 2020. Many larger events have either stopped happening or have found alternative venues outside of Minneapolis parks. The trend of endurance races which require road closure is not as popular as it once was. We have seen a decline in these types of park and parkway use due to declining participation and/or costs associated with hosting these types of events. Staff will be adjusting revenue projections for future budget cycles to better reflect expected totals.

- **Other issues**
  - **Youth investment funding gap**
    The 2023 Budget is the second year of operating with the $2.6 million youth investment. All staff have been hired and programming has begun. For 2023, this investment in youth is provided through a $1.6 million in MPRB property tax levy ($260,000 increase from 2022) and an allocation of $1.0 million in American Rescue Plan Act (ARPA) funding to the MPRB. The City's financial forecast provides for an ongoing commitment of gradual annual increases ($260,000) to the MPRB property tax levy from 2024 through 2027 to meet the full $2.6 million in youth investment requested by the Board as well as an ongoing commitment of ARPA funding for 2024 ($875,400). As described, the full $2.6 million investment requested by the MPRB will be implemented over the next six years, utilizing one-time funding for years 2022 – 2024, this results in a gap in youth investment in years 2025 and 2026 that will require either an accelerated property tax levy or identification of another one-time source in those years. The Board, Superintendent, Mayor, and staff will work to address this issue in those years without impacting the programs and services that will be implemented with the 2022-2024 funding.
  - **Inflationary costs**
    Since the pandemic we have seen significant inflationary increases across every category of spending. Yearly budget increases have not kept pace with inflation. From 2019 to 2023 inflation has risen by 22%, while Park Board budgetary increases to materials and contractual budgets have only been 9%. This has a $1 million impact on the purchasing power of the General Fund and has led to decreased service levels, especially in the Environmental Stewardship and Recreation Divisions. Also, the rise in mobile equipment costs, if not adjusted for will result in deferred equipment replacement which will lead to increased maintenance costs.
  - **Regional system funding**
    The MPRB regional parks are the most visible, most used areas of the park system. It is estimated that more than 2/3 of all visits to Minneapolis parks occur within its regional parks. The State of Minnesota by State Statute should be providing 40 percent of the operating and maintenance funding for the regional system and currently is providing approximately 11 percent through State General Fund and Lottery in Lieu. Therefore, Minneapolis tax payors bear a greater burden of these daily maintenance costs. The State and Met Council, however, provide nearly 100% of the capital funding for the regional system through Parks and Trails Legacy Funding, Met Council/State Bonds, and direct State Bond appropriations. The primary exceptions would be federal grant sources, watershed funding, parkland dedication and City of Minneapolis funding via its capital program (primarily for stormwater related improvements). It is important to note that the MPRB allocates the Lottery in Lieu funding it receives to rehabilitation projects versus daily operations and maintenance. Poor conditions of some of the highest demand regional assets such as trails, restroom, iconic structures, and concessions facilities have resulted in community concerns and negative reports. The MPRB continues to identify and quantify the needs of the system to better determine the funding gaps and provide the framework for pursuing funds to close those gaps. For 2024, the legislature directed additional funds to regional parks on a one-time basis. Commissioners

allocated those additional resources according to priority needs but there remain unmet needs throughout the regional park system.

- **Wood processing site replacement**
  From 2008 to 2016, MPRB had a lease agreement with Midtown Eco Energy, LLC followed by Koda Energy to perform processing of tree debris on MPRB property that was located across from the Neiman Sports Complex. In response to the Veterans Administration redevelopment of the adjacent property, the MPRB embarked on the relocation of its wood processing site. The MPRB acquired the property located at 4022-½ Washington Avenue North for future park development and the Fort Snelling Wood Processing Site was finally closed in fall of 2016 and relocated to 4022-½ Washington Avenue North. To use this location a zoning variance was required and obtained from the Zoning Board of Adjustments on December 1, 2016. This variance allows for the processing of tree debris to take place outdoors rather than within an enclosed building and expired in 2023. In 2017, the MPRB entered into a five-year lease agreement with a private company to process wood waste at 4022-½ Washington Avenue North. A condition of the lease agreement required the company to accept all wood waste from Forestry Department operations and to pay a rent of $1,500 per month. At the conclusion of 2022 the lease agreement with the private company expired. In addition, economic conditions have lowered the demand for woodchips as a biofuel. As a result, the Forestry Department has contracted a private company to process the wood waste that was generated during 2023. Staff will be requested to extend the zoning variance in 2024. The Forestry Department continues to look for new locations where wood waste processing can take place. Given the complexity and limitations in identifying and securing a site to process wood debris, additional funds will be needed to fulfill this need.
- **Legal fees**
  The current legal landscape has become more complex and challenging. The MPRB has experienced a rising number of complex cases and has necessitated the need for additional law firm engagement with Rice, Walther & Mosley, LLP and other outside law firms resulting in escalating costs.
- **City initiated redesign of human resources, payroll and finance systems and processes**
  The City of Minneapolis is working to select and implement a new enterprise human resources, payroll, and financial software. This project is known as Enterprise Resource Planning (ERP). The MPRB uses the City's software and pays for its use through the annual Administrative Fee the City charges the MPRB. Costs associated with the new system are not known. Staff will be monitoring to see if there will be changes the MPRB needs to make to existing processes and infrastructure that will require funding as well as changes in the Administrative Fee the City charges the MPRB.