



Minneapolis
Park & Recreation Board

www.minneapolisparcs.org

Board of Estimate & Taxation Presentation September 12, 2018

Minneapolis Park and Recreation Board

- Serving more than 26 million visits annually
- Providing places and recreation opportunities for all people to gather, celebrate, contemplate and engage in activities that promote health, well-being, community, and the environment

2019 Maximum Tax Levy Request

- Maintains MPRB current service level
- Provides small increase for youth programming and services

Budget History



Minneapolis
Park & Recreation Board

General Fund Revenues

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

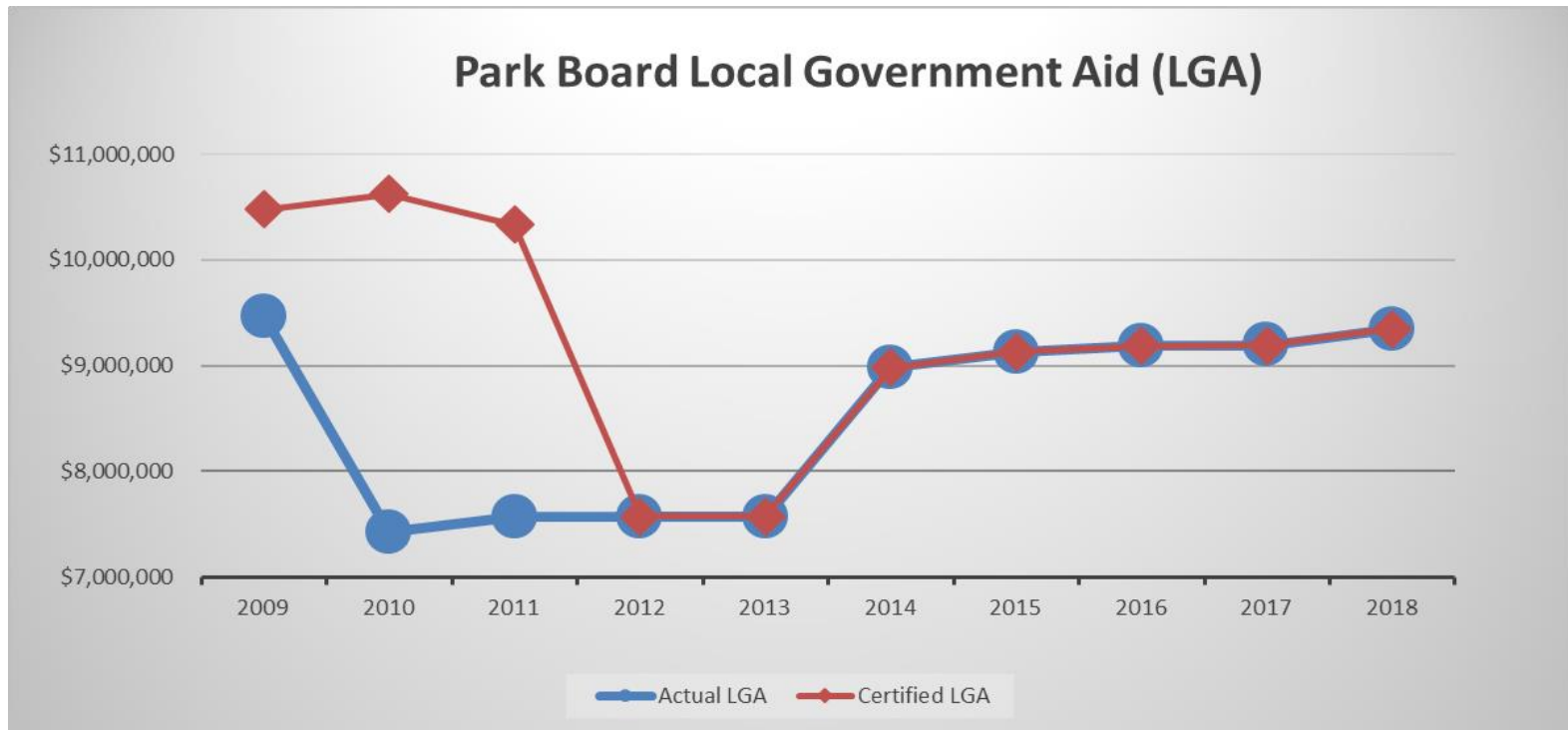
Property Tax

- The Park Board property tax levy has increased an average of \$2.0 million or 4.1 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014, and the 20-Year Neighborhood Park Plan which began in 2017.

Park Board Property Tax Levy (in millions)										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$48.6	\$50.6	\$52.6	\$58.0	\$60.5
Increase	4.4%	4.3%	3.8%	0.0%	3.0%	0.0%	4.0%	4.0%	10.3%	4.2%
Tree Levy						\$1.0	\$1.5	\$1.7	\$1.7	\$1.8
Increase							45.9%	17.4%	0.0%	1.2%
Total	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$49.6	\$52.0	\$54.3	\$59.7	\$62.2
Increase \$	\$1.8	\$1.9	\$1.7	\$0.0	\$1.4	\$1.0	\$2.4	\$2.3	\$5.4	\$2.5
Increase %	4.4%	4.3%	3.8%	0.0%	3.0%	2.1%	4.9%	4.4%	10.0%	4.1%

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 2018 Park Board LGA was increased by \$152,000.



General Fund Other Revenue

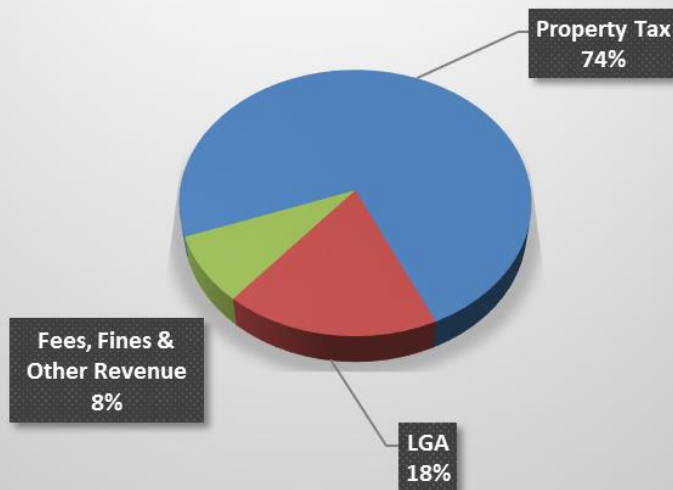
- Other revenue includes:
 - License, permit and service fees
 - Grants and donations
 - Building and grounds rentals
 - Fines
 - Overhead Charges, Transfers from other funds, Pension Credits
- In the 2013 budget a number of activities were moved from the enterprise fund to the general fund, resulting in greater fee revenue in the general fund

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 (Budget)
\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$9.9	\$9.9	\$10.0	\$11.6

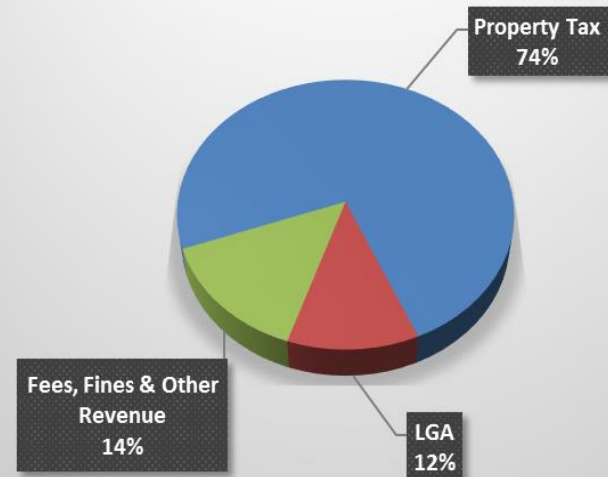
Revenue by Major Sources

- The Park Board is heavily reliant on property taxes, and has reduced its reliance on LGA out of necessity, since state aid reductions began in 2007.

2009 General Fund Revenue by Major Sources



2018 General Fund Revenue by Major Sources



General Fund Expenditures

- General Fund Operating Budget History

General Fund Operating Budget History

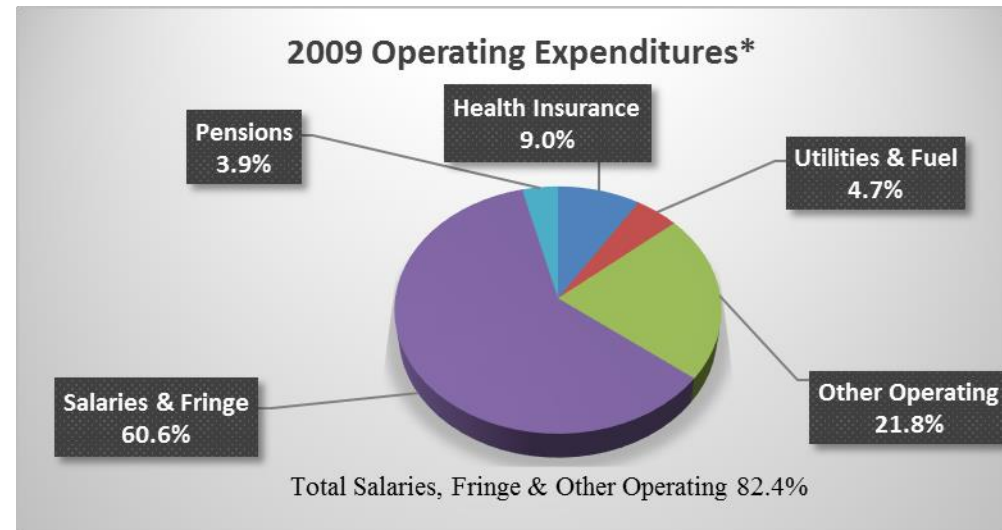
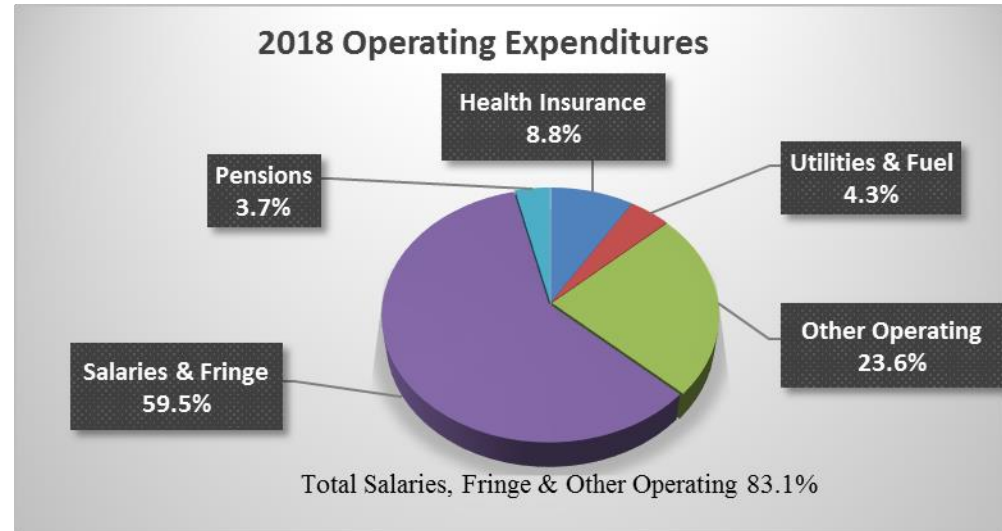
- Park Board General Fund operating budget has increased an average of \$2.2 million or 3.9 percent annually for the past ten years.
 - Fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
 - NPP20 operations funding of \$3.0 million (4 percent) was added to the General Fund in 2017.
- Increases in health insurance premiums, pension contribution rates, and utility costs directly reduced the amount of funding available for programs and services. Recent increases in state aid, property tax revenues, and the moderating of health insurance increases has helped improve Park Board finances.

Operating Budget History (in millions)*										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Amount	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7	\$68.4	\$73.8	\$77.7
Increase	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%	4.1%	7.9%	5.3%

*Does not include tree preservation & reforestation levy

General Fund Operating Budget History (continued)

Total salary, fringe and operating funding percentages are similar in 2009 and 2018, however costs for mobile equipment and technology have increased by \$2.6 million as the Park Board has worked to stabilize internal service funds and improve operating efficiencies and service delivery through the use of technology.



*includes the same activities as 2018 Operating Expenditures

Budget Outlook



Minneapolis
Park & Recreation Board

State Legislative Update

- The 2018 State Legislative session ended on May 21. Highlights of the legislative session include:
 - Local Government Aid (LGA) – No changes were made to LGA funding this year. Based on the formula in state law Park Board LGA is expected to increase by \$9,500 in 2019.
 - \$500,000 for the renovation and modernization of educational exhibits and facilities in the Carl Kroening Interpretive Center.
 - \$15 million in bonding for the Upper Harbor Terminal for the City of Minneapolis and the Park Board.
 - \$3.5 million for Regional Parks.
 - \$1 million for the inspection of the Stone Arch Bridge.

City Update

- Legislation passed in 2017 eliminates \$10,000,000 per year in state funding for the Minneapolis Employees Retirement Fund. This may require the City of Minneapolis to levy additional property taxes to fund a portion of the \$10,000,000. The Park Board's share of the \$10,000,000 will be paid through the City property tax levy and an increased contribution from the Enterprise & Internal Service funds of approximately \$65,000.
- The City of Minneapolis five-year financial direction calls for Park Board property tax levy increases of four percent from 2019 through 2023.
- The City of Minneapolis is assuming health insurance costs will increase 1.0 percent in 2019. On January 1, 2018 the City implemented a single-employer, self-insured medical plan. The plan provides the opportunity for potential cost savings through reduced state and federal taxes and administrative fees and greater control over annual increases.

City Update - Minimum Wage

- The City of Minneapolis minimum wage ordinance went into effect January 1, 2018. The Park Board follows the Large Business minimum wage amounts.
- The minimum wage impacts on the Park Board budget are shown below. These amounts are built into the five-year budget projections.

Minimum Wage Impacts

Year	Date	Wage	General Fund	Enterprise Fund
2018	1/1/2018	\$10.00	\$6,727	\$24,276
2018	7/1/2018	\$11.25	\$180,089	\$40,844
2019	7/1/2019	\$12.25	\$376,152	\$82,548
2020	7/1/2020	\$13.25	\$415,118	\$85,094
2021	7/1/2021	\$14.25	\$446,582	\$86,954
2022	7/1/2022	\$15.00	\$436,625	\$76,385
2023	full year	\$15/hour	\$202,372	\$32,821
Total			\$2,063,663	\$428,920

General Fund Five-Year Projections

General Fund Property Tax Levy Increase		5.4%	4.1%	4.1%	4.0%	3.6%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2018	2019	2020	2021	2022	2023
Property Taxes	59,845,051	63,048,150	65,633,124	68,324,082	71,057,046	73,615,099
Local Government Aid	9,345,764	9,355,299	9,355,299	9,355,299	9,355,299	9,355,299
Fees, Fines and Other Revenues	11,569,846	11,569,846	11,569,846	11,569,846	11,569,846	11,569,846
Total Revenue	80,760,661	83,973,295	86,558,269	89,249,227	91,982,191	94,540,244
Full-Time Wages & Fringe	39,815,218	41,190,040	42,323,483	43,466,217	44,639,805	45,845,080
Part-Time Wages & Fringe	9,264,365	10,036,012	10,651,851	11,311,470	11,974,281	12,417,139
Health Insurance	6,854,591	7,049,097	7,401,552	7,771,629	8,160,211	8,568,221
Other Expenditures	21,746,487	22,618,146	23,093,127	23,578,083	24,073,223	24,578,760
Operating Costs	77,680,661	80,893,295	83,470,013	86,127,399	88,847,520	91,409,200
Neighborhood Park Capital Levy	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000
Operations Facilities	500,000	500,000	500,000	500,000	500,000	500,000
Park Land Acquisition Reserve	400,000	400,000	400,000	400,000	400,000	400,000
Total Expense	80,760,661	83,973,295	86,550,013	89,207,399	91,927,520	94,489,200
Estimated Gap	0	(0)	8,256	41,828	54,671	51,044

*Does not include tree preservation & reforestation levy

Tree Preservation & Reforestation Fund

Property Tax Levy Increase		3.0%	2.1%	-24.8%	-100.0%
	Adopted	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget
<u>Revenue</u>	2018	2019	2020	2021	2022
Property Taxes	1,734,651	1,786,950	1,824,658	1,371,444	0
Use of Fund Balance	43,153	20,000	25,000	25,000	0
Total	1,777,804	1,806,950	1,849,658	1,396,444	0
<u>Expenditures</u>					
Full-Time Wages & Fringe	464,706	476,788	489,185	501,904	-
Health Insurance	81,198	82,010	86,110	90,416	-
Other Expenditures	1,231,900	1,248,152	1,274,363	804,125	-
Capital Costs	-	-	-	-	-
Total	1,777,804	1,806,950	1,849,658	1,396,444	0
Ash Trees Removed	4,735	4,735	4,735	4,735	-

Capital Project Funds



Minneapolis
Park & Recreation Board

Permanent Improvement Fund

	2018	2019	2020	2021	2022	2023
NPP20 - Bonds	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Neighborhood Park Capital Levy	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000	2,180,000
Park Dedication (allocated)	1,127,748	140,702	0	0	0	0
Other Outside Funding	0	0	0	200,000	0	0
Transfer	500,000	500,000	500,000	230,000	230,000	230,000
Total Neighborhood Parks Funding	14,307,748	13,320,702	13,180,000	13,110,000	12,910,000	12,910,000
Metropolitan Council	1,692,000	5,174,544	0	3,723,000	0	3,723,000
Parks and Trails Legacy	3,350,655	3,697,283	3,250,000	3,250,000	3,250,000	3,250,000
Lottery in Lieu (O&M)	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Park Dedication (allocated)	25,021	0	0	0	0	0
Total Regional Parks Funding	6,367,676	10,171,827	4,550,000	8,273,000	4,550,000	8,273,000
Total Revenue	20,675,424	23,492,529	17,730,000	21,383,000	17,460,000	21,183,000
Capital Investment: Neighborhood	8,153,653	7,933,952	7,841,383	8,490,500	8,810,000	8,820,000
Capital Investment: Regional	5,396,676	9,029,827	3,450,000	7,173,000	3,450,000	7,623,000
Other Projects Capital Outlay	2,391,215	1,853,750	1,593,750	950,000	950,000	500,000
Rehabilitation Program: Neighborhood	4,308,880	4,050,000	4,194,867	4,119,500	3,600,000	3,590,000
Rehabilitation Program: Regional	425,000	625,000	650,000	650,000	650,000	650,000
Total Expenditures	20,675,424	23,492,529	17,730,000	21,383,000	17,460,000	21,183,000
Revenue less Expenditures	0	0	0	0	0	0

Note: The amount of NPP20 funding in 2022 and 2023 will be adjusted in December 2020 based on objective measures of inflationary costs and other salient factors mutually acceptable to the City of Minneapolis and MPRB, per the NPP20 concurrent ordinances.

Invest in Youth



Minneapolis
Park & Recreation Board

Invest in Youth

- Critical need for enhanced youth programs and services
 - Community
 - MPRB Commissioners
 - Legislators
 - Council Members
- NPP20 addresses neighborhood park infrastructure with investment in maintenance, rehabilitation and capital. It does not address the needs of recreation services.
- Economic downturn greatly impacted the MPRB's ability to deliver youth services.
- Other youth serving agencies across Minneapolis experienced similar declines.
- Ten-year decline in funding for Out of School Time Programs

Invest in Youth

- MPRB is uniquely positioned to address this critical need with neighborhood parks located throughout the city
- What we do well
 - Create spaces that welcome the whole child
 - Foster trusting relationships
 - Exposure to experiences
 - Provide safe environments
 - Respond to community needs
 - Encourage healthy/active lifestyles
 - Build confidence and independence

Maximum Property Tax Levy



Minneapolis
Park & Recreation Board

Maximum Property Tax Levy

	2018	2019	\$ Change	MPRB % Change
Current Service Level				
Minneapolis Park Board	60,450,000	63,685,000	3,235,000	5.4%
Tree Preservation & Reforestation	1,752,000	1,805,000	53,000	3.0%
Current Service Level	62,202,000	65,490,000	3,288,000	5.3%
Minneapolis Park Board - Youth Investment				
		250,000	250,000	0.4%
Current Service Level Plus Youth	62,202,000	65,740,000	3,538,000	5.7%

	2018	2019	% Inc
Park and Recreation Levy	\$60,450,000	\$63,935,000	5.8%
Tree Preservation and Reforestation Levy	1,752,000	1,805,000	3.0%
Park Board Certified Tax Levy	\$62,202,000	\$65,740,000	5.7%