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# Minneapolis Park & Recreation Board

## Board of Estimate & Taxation Presentation

### September 13, 2017



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# Budget History



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# General Fund Revenues

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

# Property Tax

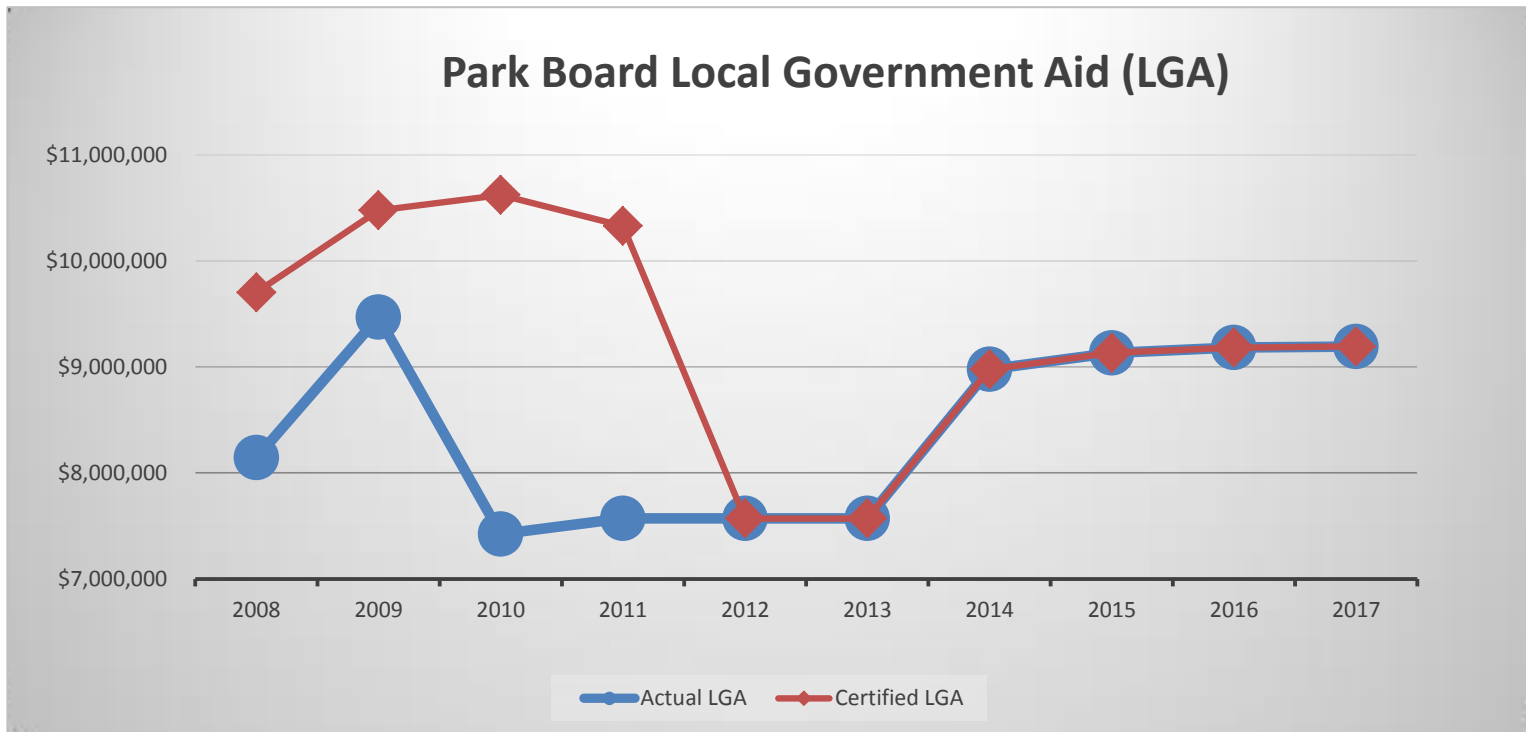
- The Park Board property tax levy has increased an average of 4.1 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014, and the 20-Year Neighborhood Park Plan (NPP20) which began in 2017.

**Park Board Property Tax Levy (in millions)**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$48.6	\$50.6	\$52.6	\$55.0
Increase	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	0.0%	4.0%	4.0%	4.6%
NPP20										\$3.0
Tree Levy							\$1.0	\$1.5	\$1.7	\$1.7
Increase								45.9%	17.4%	0.0%
<b>Total</b>	<b>\$41.8</b>	<b>\$43.6</b>	<b>\$45.5</b>	<b>\$47.2</b>	<b>\$47.2</b>	<b>\$48.6</b>	<b>\$49.6</b>	<b>\$52.0</b>	<b>\$54.3</b>	<b>\$59.7</b>
<b>Increase</b>	<b>4.4%</b>	<b>4.4%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>0.0%</b>	<b>3.0%</b>	<b>2.1%</b>	<b>4.9%</b>	<b>4.4%</b>	<b>10.0%</b>

# 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 2017 Park Board LGA was increased by \$11,000.



# 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

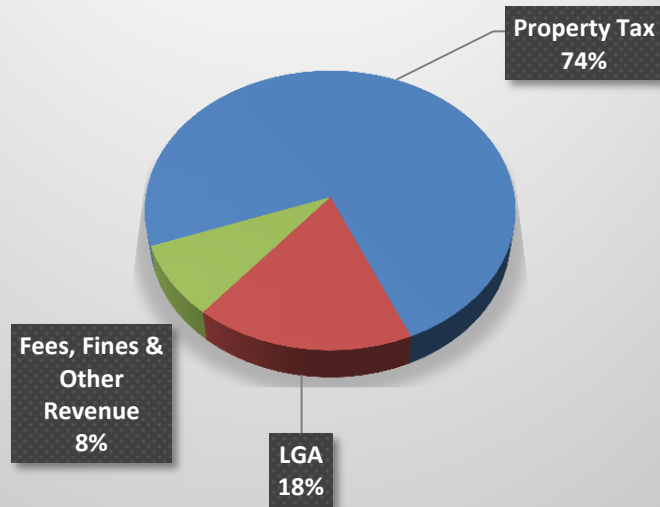
**General Fund Other Revenue (in millions)**

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 (Budget)
\$5.0	\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$9.9	\$9.9	\$10.0

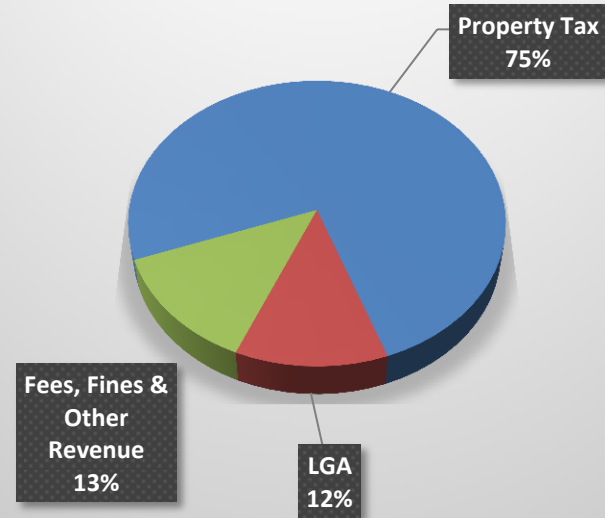
# Revenue by Major Sources

- 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.

2008 General Fund Revenue by Major Sources



2017 General Fund Revenue by Major Sources



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# General Fund Expenditures

- General Fund Operating Budget History
- Full-Time Employees



# General Fund Operating Budget History

- Park Board General Fund operating budget has increased \$19.8 million, or 30 percent in ten years. Included in this increase is fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013 and \$3.0 million (4 percent) for the NPP20 maintenance added in 2017.
- Increases in health insurance premiums and pension contribution rates have directly reduced the amount of funding available for programs and services.
- The 2007 budget was the beginning of state aid decreases that resulted in Park Board budget reductions. Recent increases in state aid and property tax revenues and the moderating of health insurance increases have helped improve Park Board finances.

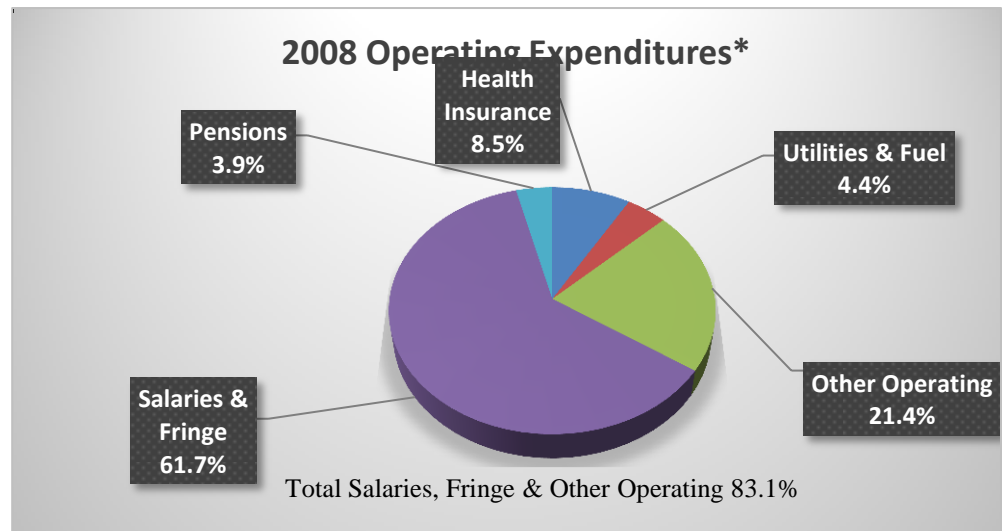
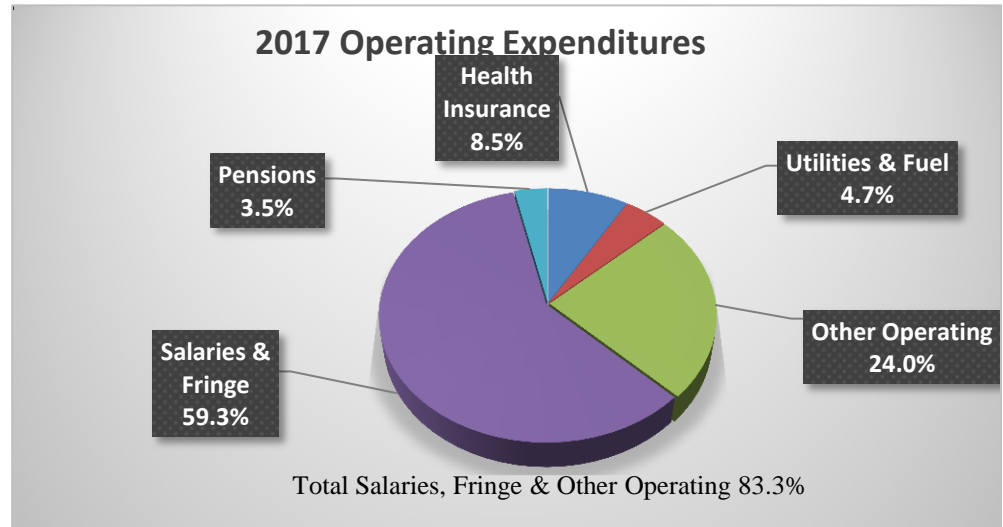
**Operating Budget History (in millions)\***

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Amount	\$54.2	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7	\$68.4	\$74.0
Increase	3.2%	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%	4.1%	8.2%

\*Does not include tree preservation & reforestation levy

# General Fund Operating Budget History (continued)

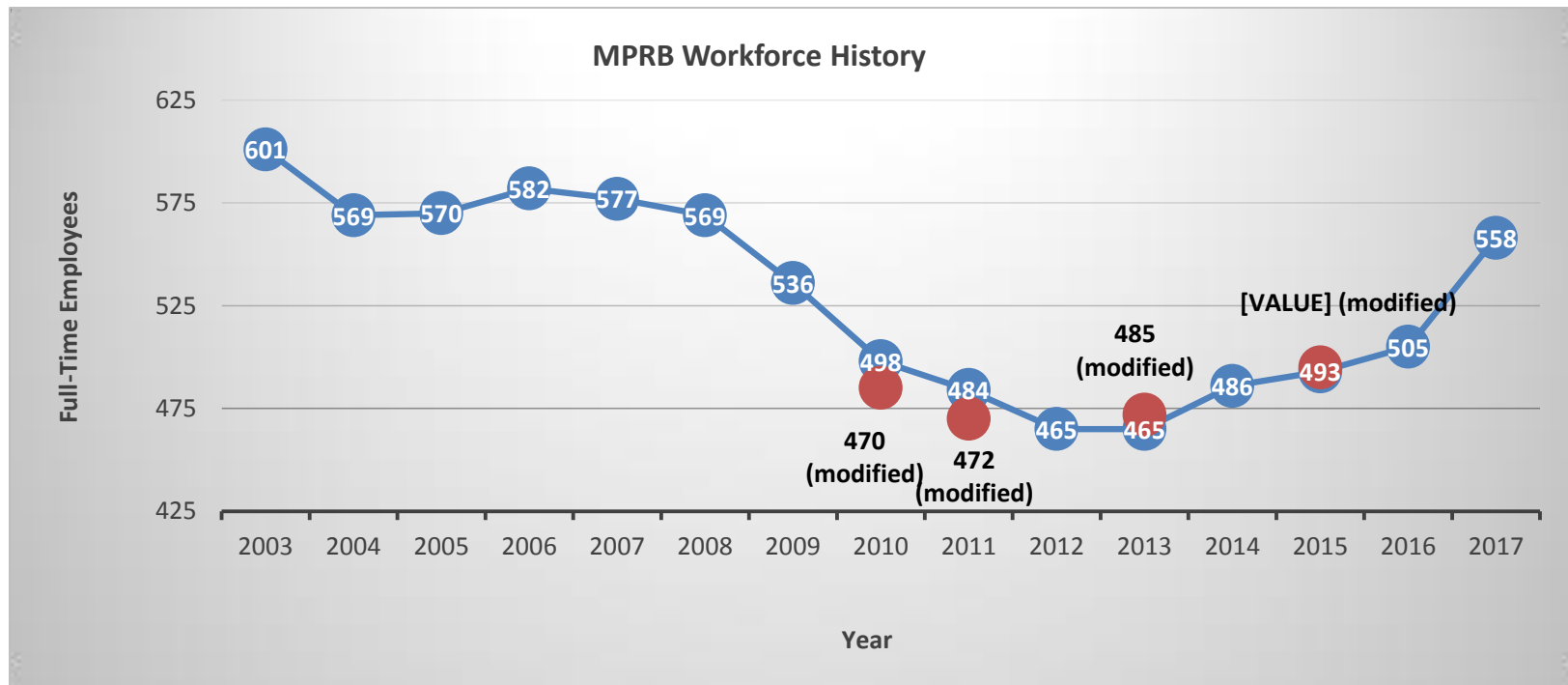
Total salary, fringe and operating funding percentages are similar in 2008 and 2017, however costs for mobile equipment and technology have increased by \$2.5 million as the Park Board has worked to stabilize internal service funds and improve operating efficiencies and service delivery through the use of technology.



\*includes the same activities as 2017 Operating Expenditures

# Full-Time Employees (all funds)

- 117 full-time positions, 20 percent of the workforce was eliminated between 2006 - 2012
- Since 2012, the workforce has been increased by 93 full-time positions, including 45 positions from NPP20.



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# Budget Outlook



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# Federal Legislative Update

- Focused work in Washington DC has resulted in successes for the Park Board
- Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
  - In 2015 Minneapolis was one of only 8 cities in the country to receive LWCF funding, and only one of 2 cities to receive the maximum available amount through the Pilot Competitive Grant Program for RiverFirst
  - A joint MPRB and City of St. Paul Urban Waters Federal Partnership application has been submitted to the Federal Government at the request of the Federal Government
- With the change in presidential and congressional leadership at the federal level, the Superintendent is working with federal lobbyists to develop strategies and/or seize opportunities that may be available for the Park Board

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# State Legislative Update

- The 2017 State Legislative session ended in a special session. Law changes affecting the Park Board Funding include:
  - Local Government Aid (LGA) – A permanent statewide increase of \$15 million in LGA was included in the tax bill. This gives the Park Board \$152,000 in additional LGA in 2018.
  - Beginning in 2019, \$10,000,000 per year in state funding for the Minneapolis Employees Retirement Fund has been eliminated. This will cost the Park Board \$1 million annually, beginning in 2019.

# City Budget Update

- The City of Minneapolis five-year financial direction calls for Park Board property tax levy increases of four percent from 2018 through 2022.
- Health insurance costs are increasing 4.1 percent in 2018, and the City of Minneapolis is assuming costs will increase five percent per year in future years.
- The City Council approved the municipal minimum wage ordinance on June 30, 2017 that requires large employers to pay Minneapolis workers \$15 an hour in five years.

Year	Date	Wage	General Fund
2018	1/1/2018	\$10.00	
2018	7/1/2018	\$11.25	\$186,615
2019	7/1/2019	\$12.25	\$382,878
2020	7/1/2020	\$13.25	\$415,118
2021	7/1/2021	\$14.25	\$446,582
2022	7/1/2022	\$15.00	\$436,625
After	Indexed to inflation		tbd
		Total	\$1,867,818

# MPRB Property Tax Levy

<b>Minneapolis Park &amp; Recreation Board Total Certified Property Tax Levy</b>				
	2017 Adopted	2018 Projected	Change	% Change
Minneapolis Park Board	58,013,000	60,449,546	2,436,546	4.2%
Tree Preservation & Reforestation	1,732,000	1,752,173	20,173	1.2%
Park Board Total	59,745,000	62,201,719	2,456,719	4.1%

The \$2.5 million, 4.1% increase in Park Board property taxes is a 0.78% increase on total City of Minneapolis property taxes. Every 1 percent increase in Property Taxes generates \$591,476 for the Park Board, and increases the average homeowners (\$225,500 median value) property taxes by approximately \$2.50.



# General Fund Five-Year Projections

General Fund Property Tax Levy Increase		4.2%	4.0%	4.0%	4.0%	4.0%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2017	2018	2019	2020	2021	2022
Property Taxes	57,462,870	59,845,051	62,238,853	64,728,407	67,317,543	70,010,245
Local Government Aid	9,194,054	9,345,783	9,345,783	9,345,783	9,345,783	9,345,783
Fees, Fines and Other Revenues	9,956,570	10,393,770	10,393,770	10,393,770	10,393,770	10,393,770
<b>Total Revenue</b>	<b>76,613,494</b>	<b>79,584,604</b>	<b>81,978,406</b>	<b>84,467,960</b>	<b>87,057,096</b>	<b>89,749,798</b>
Full-Time Wages & Fringe	38,378,315	39,632,649	40,663,098	41,720,339	42,805,067	43,917,999
Part-Time Wages & Fringe	8,102,260	8,918,134	9,479,375	10,084,080	10,732,344	11,383,616
Health Insurance	6,320,477	6,579,617	6,908,597	7,254,027	7,616,729	7,997,565
Other Expenditures	21,232,442	21,856,821	22,293,957	22,739,836	23,194,633	23,658,526
<b>Operating Costs</b>	<b>74,033,494</b>	<b>76,987,221</b>	<b>79,345,028</b>	<b>81,798,283</b>	<b>84,348,773</b>	<b>86,957,706</b>
Capital Levy	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess GF Capital Contribution	680,000	1,080,000	1,080,000	1,080,000	1,080,000	1,080,000
Land Purchase Reserve	400,000					
<b>Total Expense</b>	<b>76,613,494</b>	<b>79,567,221</b>	<b>81,925,028</b>	<b>84,378,283</b>	<b>86,928,773</b>	<b>89,537,706</b>
<b>Estimated Gap</b>	<b>0</b>	<b>17,383</b>	<b>53,378</b>	<b>89,677</b>	<b>128,323</b>	<b>212,092</b>

\*Does not include tree preservation & reforestation levy

# Tree Preservation & Reforestation Projections

- 2018 is year 5 of the 8 year program. The last year of the tax levy is 2021.

Property Tax Levy Increase		1.2%	3.5%	2.1%	-28.4%
	Adopted	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget
<b>Revenue</b>	2017	2018	2019	2020	2021
Property Taxes	1,714,503	1,734,651	1,795,817	1,832,808	1,312,541
Use of Fund Balance	40,434	50,000	25,000	25,000	25,000
<b>Total</b>	<b>1,754,937</b>	<b>1,784,651</b>	<b>1,820,817</b>	<b>1,857,808</b>	<b>1,337,541</b>
<b>Expenditures</b>					
Full-Time Wages & Fringe	444,836	453,733	465,530	477,634	490,052
Health Insurance	90,000	94,500	99,225	104,186	109,396
Other Expenditures	1,220,101	1,236,418	1,256,062	1,275,988	738,093
Capital Costs	-	-	-	-	-
<b>Total</b>	<b>1,754,937</b>	<b>1,784,651</b>	<b>1,820,817</b>	<b>1,857,808</b>	<b>1,337,541</b>
Ash Trees Removed	4,735	4,735	4,735	4,735	-

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# Capital Budget Outlook



# Capital Budget Outlook

	Current	Estimated	Estimated	Estimated	Estimated	Estimated
	Budget	Budget	Budget	Budget	Budget	Budget
	2017	2018	2019	2020	2021	2022
NPP 20	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	14,605	53,547				
Other Outside Funding					200,000	
<b>Total Neighborhood Parks Funding</b>	<b>12,694,605</b>	<b>12,733,547</b>	<b>12,680,000</b>	<b>12,680,000</b>	<b>12,880,000</b>	<b>12,680,000</b>
Metropolitan Council	4,173,730		3,723,000		3,723,000	
Parks and Trails Legacy	3,456,000	3,498,970	3,829,890	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)	350,000					
Other Outside Funding	325,000					
<b>Total Regional Parks Funding</b>	<b>9,604,730</b>	<b>4,798,970</b>	<b>8,852,890</b>	<b>4,550,000</b>	<b>8,273,000</b>	<b>4,550,000</b>
General Fund Transfer	230,000	230,000	230,000	230,000	230,000	230,000
<b>Total Operations Facilities Funding</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>	<b>230,000</b>
<b>Total Revenue</b>	<b>22,529,335</b>	<b>17,762,517</b>	<b>21,762,890</b>	<b>17,460,000</b>	<b>21,383,000</b>	<b>17,460,000</b>
Neighborhood Parks Capital	6,328,205	7,079,452	7,793,250	7,841,383	8,490,500	9,080,000
Neighborhood Parks Rehabilitation	4,650,000	4,308,880	4,050,000	4,194,867	4,200,000	3,600,000
Regional Parks Capital	8,888,730	3,948,970	7,810,890	3,450,000	7,173,000	3,450,000
Regional Parks Rehabilitation	310,000	425,000	625,000	650,000	650,000	650,000
Other Projects Capital	2,169,400	2,000,215	1,483,750	1,323,750	869,500	680,000
Parkways & Parkway Lighting Rehab	183,000					
<b>Total Expenditures</b>	<b>22,529,335</b>	<b>17,762,517</b>	<b>21,762,890</b>	<b>17,460,000</b>	<b>21,383,000</b>	<b>17,460,000</b>

Note: The amount of NPP20 funding in 2022 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.