

CONSERVATION FINANCE FEASIBILITY STUDY, SEPTEMBER 2015

MINNEAPOLIS, MINNESOTA

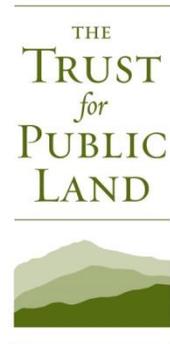


THE TRUST *for* PUBLIC LAND

LAND FOR PEOPLE

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Park & Recreation Board**

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June 3, 2015

Mr. Will Abberger
Director of Conservation Finance
The Trust for Public Land
306 N. Monroe Street
Tallahassee, FL 32301

Dear Mr. Abberger:

By this letter, Minneapolis Park and Recreation Board requests technical advice and assistance from The Trust for Public Land in connection with our efforts to develop and sustain reliable, ongoing sources of funding for parks and recreation. As part of your advice and assistance, I understand you may undertake feasibility research, including studying local laws and recent elections; conducting a public opinion survey; providing recommendations regarding program design; and assisting with the development of strategies for supporting dedicated, ongoing sources of public funds for park and recreation purposes.

We are interested not only in the factual information that you can provide, but also your opinions and recommendations on public funding measures available to us and strategies to enact such measures. That would include understanding the public's priorities and attitudes regarding parks and recreation in Minneapolis.

Information provided to the Park and Recreation Board will be public record as a matter of law. This request does not in any way commit public funds to the efforts of The Trust for Public Land related to this request, nor does it require public disclosure of any confidential information of either organization.

This request will continue in effect for any advice you offer or presentations you submit for the use of this body related to such matters. In addition, we would like to take this opportunity to request that you continue to be available to provide technical advice and assistance in this area and on related matters in the future.

Sincerely,


Liz Wielinski
President

INTRODUCTION

The Trust for Public Land (TPL) is a national nonprofit land conservation organization that creates parks and protects land for people, ensuring healthy, livable communities for generations to come. The Trust for Public Land has helped protect nearly 4,300 properties, totaling more than three million acres in 47 states. In Minnesota, the Trust for Public Land has protected more than 95,000 acres.

To help public agencies or land trusts acquire land for parks and conservation, and to better steward existing properties, TPL's Conservation Finance program assists communities in identifying and securing public financing. TPL offers technical assistance to elected officials, public agencies, and community groups to design, pass, and implement public funding measures that reflect popular priorities.

Since 1996, TPL has been involved in more than 450 successful ballot measures and twenty successful legislative campaigns that have created more than \$57 billion in new funding for parks, land conservation, and restoration. Voters have approved 81 percent of the ballot measures supported by TPL. Minnesota voters have a strong record of supporting ballot measures for land conservation.

TPL's Conservation Finance program has provided technical assistance and planning services to many cities and counties in Minnesota. Since 1996, seven of the eight local conservation finance measures that TPL supported throughout the state of Minnesota have passed, generating more than \$59 million for parks and open space. At the state level, TPL played a lead role in the 2008 statewide Clean Water, Land and Legacy constitutional amendment campaign, which will generate \$5.5 billion for conservation over its twenty-year life.

Increasingly, cities and public park agencies across the country are seeking voter approval for capital improvements, operations, and maintenance of their existing assets and parkland. For example, in 2014, TPL supported a campaign in Seattle to create dedicated funding that includes over \$30 million a year for park maintenance and rehabilitation projects.

This study presents several viable local public options for increasing public funding for the Minneapolis Park and Recreation Board (Park Board) and provides analysis of which local options and funding levels are legally available, economically prudent, and likely to be publicly acceptable.¹ This research provides a fact-based reference document that can be used to evaluate possible financing mechanisms to fund future park developments and improvements. Only funding options that could create reliable funding for development, repair, and improvement of parks throughout the city are examined.

¹ The contents of this report are based on the best available information at the time of research and drafting, July-August 2015.

EXECUTIVE SUMMARY

The Trust for Public Land has undertaken feasibility analysis to explore funding options for the Minneapolis Park and Recreation Board to address the need to create new funding for the development, repair, and improvements of parks in the city. In order to understand what would be an appropriate funding source, this report briefly delves into the city's background for a general overview, and examines the fiscal status of both the City and Park Board. Because the Park Board does not have the authority to refer a taxing question to the ballot and maintains a strong financial and administrative link to the city, this report primarily investigates the authority and capacity of the city to raise funds on behalf of the Park Board. This study examines several options that present the most viable opportunities for the Park Board, through the city, to finance park developments, repair and improvements. The two most feasible options are:

Levy and Property Tax Rate Increase. The city could hold a referendum to increase its levy amount. A 4.5 percent levy increase would generate approximately \$2.3 million per year and would cost the average homeowner approximately \$11.50 per year. A voter-approved levy increase could be dedicated in perpetuity and be used for capital improvements, operations, or maintenance.

General Obligation Bond. The city could hold a general obligation (G.O.) bond referendum for park and recreation purposes. A \$30 million bond would cost the average homeowner approximately \$11 per year. Funding generated through a GO bond could not be used for operations and maintenance, but could be used for capital improvements. The city could issue bonds on behalf of the Park Board for park-related projects.

Each method could go to the ballot through a referendum process described in state statute, or through the charter amendment process. The processes for enactment are described in detail in this report, and a diagram of possible routes for a public funding referendum is included in Appendix L.

Additional smaller revenue sources to support the Park Board have not been examined in this report. While the feasibility of generating funding with the sales tax is not considered, information on Minneapolis sales tax is included in Appendix G.

This report is meant to inform the Park Board's consideration of new funding for the development, repair, and improvement of parks in the city. Next steps should include narrowing funding options to those that match the needs identified by the Park Board, and testing voter attitudes toward a specific set of funding proposals. The Trust for Public Land recommends conducting a public opinion survey that tests ballot language, tax tolerance, and program priorities of voters in Minneapolis.

OVERVIEW

The City of Minneapolis is a political subdivision of the State of Minnesota and was incorporated in 1867. Its area is approximately 58.7 square miles. Minneapolis is located in Hennepin County and is the county seat. Minneapolis lies on both banks of the Mississippi River.

In terms of population, Minneapolis is the largest city in Minnesota, and one of the fifty largest cities in the United States. The 2014 city population was approximately 407,000 residents. The greater Twin-Cities metro area is home to approximately 3.8 million residents and is one of the fifteen largest metropolitan areas in the United States. The Twin Cities is the second-largest center of economic activity in the Midwest. There are seventeen Fortune 500 companies headquartered in Minnesota, almost all of which are in the Minneapolis- St. Paul metropolitan area.² This includes five in the top 100.³ Companies headquartered in the City of Minneapolis include Target, General Mills and Xcel Energy.

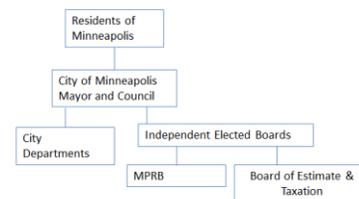
The city is home to the University of Minnesota- Twin Cities. With over 50,000 students, it is the largest campus of the University of Minnesota system and one of the ten largest public university campuses in the nation. The city is also home to major hospitals and health service organizations.

Under Minnesota law, cities are divided into four classes for legislative purposes. Minneapolis, along with St. Paul, Rochester, and Duluth, is one of the four designated “first-class” cities. This class is defined as cities that currently have, or have not significantly decreased from, more than 100,000 inhabitants.⁴

City of Minneapolis

Governance

As a home rule charter city of the first class, Minneapolis derives its powers from a city charter. The charter is effectively a local constitution and may provide for any form of municipal government, as long as it is consistent with state laws that apply uniformly to all cities in Minnesota.⁵ Powers given to the city government and how the government is structured are defined in the City Charter. Charter adoption, amendment, and abandonment procedures are found in state statutes.



The State Legislature may pass special laws which supersede, contradict, or preempt the city charter.⁶

Ordinances are laws adopted by the City Council. The process to enact, amend or abandon ordinances is simpler than to make changes to the Charter. The chart above shows the basic structure of the city and its governance.

² Webb, Tom. “17 Minnesota firms make Fortune 500 – with more to come.” St. Paul Pioneer Press. June 6, 2015. Accessed August 17, 2015, http://www.twincities.com/localnews/ci_28258580/17-minnesota-firms-make-fortune-500-more-come.

³ 2015 Fortune 500. Fortune. Accessed August 17, 2015.

⁴ Minn. Statute §410.01

⁵ This section largely excerpted from the League of Minnesota Cities website. www.lmc.org.

⁶ City of Minneapolis website.

Minneapolis City Council	
Name	Ward
Kevin Reich	1
Cam Gordon	2
Jacob Frey	3
Barbara Johnson	4
Blong Yang	5
Abdi Warsame	6
Lisa Goodman	7
Elizabeth Glidden	8
Alondra Cano	9
Lisa Bender	10
John Quincy	11
Andrew Johnson	12
Linea Palmisano	13

Minneapolis operates under a Mayor-Council form of government. The City Council is the governing body of the City of Minneapolis, and holds the city’s general legislative and policymaking authority.⁷ The Council is comprised of thirteen members, each elected by and from their respective ward in the city. The City Council elects the City Clerk, who must administer each election under the City Council’s direction. The Mayor has veto power, which the council may override with a vote of nine members. The Mayor is responsible for preparing an annual operating and capital budget recommendation to the City Council.

The City Council is also responsible for sending a ballot question to the voters, although its roles and responsibilities vary based on the situation. Enactment procedures for ballot questions are described in detail later in this report.

All members of the City Council serve concurrent, four year terms. The Mayor also serves a four year term.

Both the mayor and city council members are elected in the municipal election, which is in each year following a year whose number is evenly divisible by four.⁸ The next municipal election will be held in November 2017.

Board of Estimate & Taxation

The Board of Estimate and Taxation (BOE) is a semi-independent board. BOE sets the maximum tax levies for funds, including those overseen by the City Council, Park Board, and Public Housing Authority.

BOE also participates in the overall debt management policy of the city and issues the general obligation bonds of the city in support of the Capital program, excluding Tax Increment Bonds.⁹ BOE could issue bonds on behalf of the Park Board.

Board of Estimate & Taxation	
David Wheeler, President	Elected Member
Anita Tabb, Vice President	Park Board Commissioner
Mayor Betsy A. Hodges	Mayor
Barbara Johnson	Council President
John Quincy	Council Member
Carol Becker	Elected Member

By September 30 of each year, after a public hearing, BOE must set the maximum amounts and rates that the City Council and other boards may levy. BOE holds significant power in the city and over its budget-setting process.

BOE consists of six members: the Mayor, City Council president, the Council member who chairs the budget committee, a commissioner elected by and from the Park Board, and two members elected at large by voters, in each year following a year whose number is evenly divisible by four.¹⁰ The next election will be at the municipal election in November 2017, and new members will begin their term

⁷ Minneapolis Charter Section 4.1.(a)

⁸ Minneapolis Charter Section 4.2. (b)

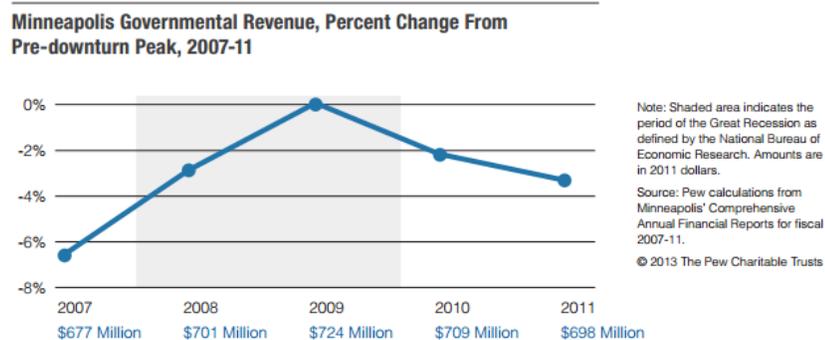
⁹ The above section is largely excerpted from the City of Minneapolis website.

¹⁰ Minneapolis Charter Section 5.3 (a) 5.

on January 1, 2018. The board elects its president and its vice president.¹¹

Fiscal Health

Like most American cities, Minneapolis suffered during the recession and economic downturn. Between December 2007 and June 2009, the unemployment rate in the Minneapolis – St. Paul – Bloomington, MN-WI MSA nearly doubled, rising from 4.4 percent to 8.2 percent. However, employment has largely recovered in Minneapolis. In the last five years, the unemployment rate in the MSA has steadily decreased, and was at 3.4 percent in May 2015.¹²

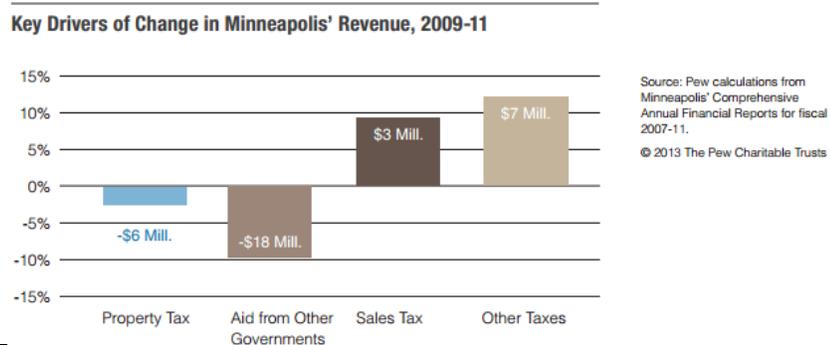


During the recession, per capita personal income in Hennepin County declined by seven percent. It has since rebounded to almost seven percent above pre-recession levels.¹³

The recession negatively impacted the city's tax base, including property values and property tax revenue. The tax base is still below pre-recession levels. In 2014, residential tax base was valued at \$23.5 billion, compared to a high of \$26.6 billion in 2007. A similar trend exists for commercial property. In 2014, the commercial tax base was valued at \$6.5 billion, compared to a high of \$7.3 billion in 2008.

A 2013 Pew Charitable Trusts study found that total revenue fell four percent between the 2009 peak and the low point in 2011, primarily due to losses in intergovernmental aid and property taxes. Pew estimated that property tax revenue decreased 10 percent in 2010 alone, but the impact was lessened by a five percent increase in 2011.¹⁴

The decrease in intergovernmental aid is primarily due to the sharp drop in state local government aid (LGA), a significant funding source for cities including Minneapolis. LGA allows cities to "buy down" or "pay off" property taxes



¹¹ The Library Board, which was previously an independent board of the City until its dissolution in 2008, held one seat on the BOE.

¹² US. Bureau of Labor Statistics, Unemployment Rate in Minneapolis-St. Paul-Bloomington, MN-WI (MSA) [MINN427URN], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/MINN427URN/>, July 21, 2015.

¹³ US. Bureau of Economic Analysis, Per Capita Personal Income in Hennepin County, MN [PCPI27053], retrieved from FRED, Federal Reserve Bank of St. Louis <https://research.stlouisfed.org/fred2/series/PCPI27053/>, July 21, 2015.

¹⁴ Harris, Marys. "U.S. cities still struggling, but it doesn't seem so dire in Minneapolis." MinnPost. November 25, 2013. Accessed August 12, 2015, <https://www.minnpost.com/cityscape/2013/11/us-cities-still-struggling-it-doesn-t-seem-so-dire-minneapolis>

by providing additional sources of revenue.¹⁵ Cuts to LGA can result in cities increasing their property taxes or reducing services to make up for the difference.

In 2009, the city made significant reductions in debt service and began to pay off more than \$100 million in outstanding G.O. debt. By 2011, debt service payments decreased significantly, which coincided with the decrease in revenue. These payments occurred without reducing spending, and the city's overall debt dropped more from 2011-2013. This debt reduction gives the city increased capacity to provide other services, improve infrastructure, or the option to reduce property taxes.¹⁶

The city's total general obligation debt outstanding as a percent of estimated market value of the city's taxable property has equaled less than three percent from 2007 through 2013. The percentage has also steadily decreased from 2009 to 2013. Both the total debt and general obligation debt as a percentage of estimated market value have gradually declined since 2002 and made a steady decrease between 2009 and 2013.¹⁷ G.O. debt is described in greater detail later in this report.

In January 2015, the *Star-Tribune* reported that the 2014 median-value single-family home value had increased for the first time since the pre-recession peak in 2007.¹⁸

Approved construction amounts have skyrocketed; a record \$2 billion in new construction was approved by the city in 2014, this increase is buttressed by the construction of a new \$1 billion Minnesota Vikings professional football stadium, which will not pay property taxes. Spinoff development from the new stadium will be subject to property tax. This amount includes more than \$380 million in residential property, most of which was apartments or condominiums.¹⁹

The city's tax capacity increased between 2014 and 2015. The chart below shows the total tax base of the city, broken down by class, and highlights its growth between 2014 and 2015.²⁰

	2014			2015			Change		
	Est Mkt Val	Txbl Mkt Val	Net Tax Cap	Est Mkt Val	Txbl Mkt Val	Net Tax Cap	EMV	TMV	TCAP
Residential	\$ 19,556.8	\$ 18,110.7	\$ 184.8	\$ 21,219.3	\$ 19,920.3	\$ 203.9	8.5%	10.0%	10.3%
Commercial	\$ 6,215.7	\$ 6,215.7	\$ 122.1	\$ 6,495.8	\$ 6,495.8	\$ 127.3	4.5%	4.5%	4.2%
Industrial	\$ 1,092.7	\$ 1,092.7	\$ 21.2	\$ 1,119.8	\$ 1,119.8	\$ 21.6	2.5%	2.5%	1.6%
Apartment	\$ 5,963.3	\$ 5,858.9	\$ 69.3	\$ 7,151.7	\$ 7,061.3	\$ 84.1	19.9%	20.5%	21.4%
Agriculture	\$ 0.1	\$ 0.1	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.0	0.8%	0.8%	-2.3%
Total	\$ 32,828.6	\$ 31,278.1	\$ 397.5	\$ 35,986.8	\$ 34,597.3	\$ 436.9	9.6%	10.6%	9.9%

¹⁵ "Local Government Aid 101: 2014 and Beyond," League of Minnesota Cities. Accessed August 12, 2015, <http://www.lmc.org/media/document/1/lga101.pdf?inline=true>

¹⁶ Ibid.

¹⁷ Debt & Capital Improvement Program Overview For Years 2012 – 2016, City of Minneapolis, http://www.minneapolismn.gov/www/groups/public/@council/documents/webcontent/convert_285743.pdf

¹⁸ Brandt, Steve. "Value of Median Minneapolis home recovering from recession low." *Star-Tribune*. January 2, 2015. Accessed August 12, 2015, <http://www.startribune.com/value-of-median-minneapolis-home-recovering-from-recession-low/287390401/>

¹⁹ Painter, Kristen Leigh. "Minneapolis hits \$2 billion in 2014 construction." *Star-Tribune*. January 2016, 2015. Accessed August 12, 2015, <http://www.startribune.com/minneapolis-hit-2-billion-in-2014-construction/287379801/>

²⁰ Roper, Eric. "More Details Emerge About Hodges budget proposal." *Star-Tribune*. August 29, 2014. Accessed August 14, 2015.

City Budget Process

The Minneapolis fiscal year coincides with the calendar year. Each year, the mayor must deliver an annual address establishing the city's goals and priorities. The City Council must review, and may amend, those goals before the Mayor submits a recommended budget.

The Park Board meets with the Mayor in July and presents its high level projections and needs. The recommended budget is not released or presented to the Mayor or City Council until October.

By August 15, the Mayor must submit a recommended budget to the City Council and the Board of Estimate and Taxation.

By September 30, after a public hearing, the BOE must set the maximum amounts and rates that the City Council and the other boards, including the Park Board, may adopt.

Lastly, the City Council and each board must hold a public hearing on its budget and taxes payable. After a public hearing, each must set a budget and adopt a levy up to the BOE's maximum amount set for their respective levies.²¹

This is a consultative and deliberative process. Representatives of the Park Board meet with both the Mayor's office and the BOE. For the 2015 Budget, the Board of Estimate & Taxation (BOE) set the maximum property tax level at the maximum level requested by the Park Board.²²

Other Agencies

Charter Commission

The Minneapolis Charter Commission reviews and formulates Charter proposals. There are fifteen commissioners appointed by the Chief Judge of the Hennepin County District Court to four year terms. The Charter Commission plays an integral role in the charter amendment process, which is described later in this report.

Metropolitan Council

The Metropolitan Council is the regional policy-making body, planning agency, and provider of essential services for the Twin Cities metropolitan region. The Metropolitan Council oversees the regional parks and trails system; the Park Board is one of 10 implementing agencies of the regional system. Minnesota statute obligates the Metropolitan Council to distribute funding to implementing agencies for the operation and maintenance of regional park and open space systems. The implementing organizations, which include the Park Board, own, develop and manage the parks and trails. The Metropolitan Council does not own parkland. In 2014, the 54,000-acre system included 42 regional parks, twelve park reserves, eight special recreation areas, and forty regional trails. The regional park system does not include local, neighborhood parks, sports fields and recreation centers maintained by local governments. The regional park system does not provide funding for neighborhood parks.

²¹ This section largely excerpted from Minneapolis City Charter Section 9.3

²² 2015 Approved Budget, Minneapolis Park and Recreation Board. Page 7.

Minneapolis Library System

In December of 2007 the County, City and the Minneapolis Library Board all adopted agreements to consolidate the Minneapolis Public Library system into the Hennepin County Library system. This consolidation took place in January of 2008.²³ While the Library Board no longer exists, the City is still issuing and levying a property tax assessment to fund bonds based on the 2000 referendum.

MINNEAPOLIS PARK AND RECREATION BOARD

Overview

The Park Board system covers more than 6,790 acres of land and water. It features fifty recreation centers, 112 playgrounds, 63 wading pools and twelve gardens.²⁴

The Minneapolis park system has two types of parks – regional and neighborhood parks. Regional parks are larger in size, often over 100 acres, have fewer physical amenities and contain most of the natural areas in the park system. Regional parks serve a population broader than Minneapolis residents. Regional parks receive local, regional Metropolitan Council, state, and federal funding. While regional parks are owned, operated, and maintained by the Park Board, they are also designated as part of the Metropolitan Council System of Regional Parks and Trails.

Neighborhood parks are smaller in size, contain many physical amenities such as playgrounds, recreation centers, pools, or athletic fields, and primarily serve Minneapolis residents and the community near it. Neighborhood parks contain amenities for recreation and active use.

Neighborhood parks only receive funding from local property tax revenue. Of the 253 properties owned by the Park Board, 157 are neighborhood parks.²⁵ They receive an estimated six million annual visits.

The demand on the park system has increased in recent years. The number of visits to regional and neighborhood parks has grown from 19 million in 2006 to 21.4 million in 2013.²⁶

Governance

In 1883, the Minneapolis Park and Recreation Board was created by an act of the Minnesota State Legislature and a subsequent vote of Minneapolis residents. The Park Board is an independently

Park Board Commissioners	
Name	District
Liz Wielinski, President	1
Jon Olson	2
Scott Vreeland, Vice President	3
Anita Tabb	4
Steffanie Musich	5
Brad Bourn	6
John Erwin	Commissioner at Large
Meg Forney	Commissioner at Large
M. Annie Young	Commissioner at Large

²³ <http://emma.msrb.org/EP775201-EP600946-EP1002342.pdf>

²⁴ Roper, Eric. "Minneapolis Park Board warns of funding shortfalls ahead." Star-Tribune. September 14, 2014.

²⁵ Personal Communication with Jayne Miller, July 27, 2015.

²⁶ Roper, Eric. "Minneapolis Park Board warns of funding shortfalls ahead." Star-Tribune. September 14, 2014.

elected, semi-autonomous political subdivision of the city responsible for governing, maintaining, and developing the Minneapolis park system.²⁷ Its status as an independent board, its powers and responsibilities are listed in the City Charter.

The Park Board is responsible for developing and maintaining parkland and parkways, as well as planting and maintaining the city's boulevard trees. The Park Board has autonomous action in providing recreation services, facilities, and programs consistent with fulfilling its purpose and mission.

While the Park Board is not a City of Minneapolis department, it is still intricately linked with the city. For example, the Park Board's funds are levied by the city, go to the city first, and then are deposited with the Park Board by the City Finance officer. The city also charges the Park Board an annual administrative fee. The City Charter makes multiple mentions of how the Park Board "may act on the City's behalf" and describes how "through the Park and Recreation Board, the City provides for parks, parkways, and recreational opportunities for its current and future residents' use."^{28 29}

The Park Board may not refer a taxing question to the ballot. While the Park Board can levy up to the maximum amount set by the Board of Estimate and Taxation, the money that is levied is collected by the city and deposited to the Park Board.

The Park Board consists of nine commissioners, elected in each general election in which a Mayor is elected. Six commissioners are elected by and from each of the six Park Board districts in the city, and the other three are elected at-large.³⁰ Commissioners serve four year terms. The next election will be in November 2017.

The boundaries establishing wards for the City Council are different from those districts of the Park Board. However, Park Board wards are coterminous with school district board boundaries. Appendix I contains a map of wards, districts, and precincts.

The Park Board must present each resolution or ordinance to the Mayor of Minneapolis, who may override any Park Board action. However, the Park Board may veto a mayoral action with six or more votes. Acts passed by the Park Board take effect:

- when the mayor signs it
- five days after its presentation to the Mayor, if he or she neither signs nor vetoes it
- If the Mayor vetoes it by returning the act to the Board with an objection within five days, and if the Board at its next meeting again passes the act over the Mayor's veto with at least six votes.³¹

The Park Board may adopt its annual property tax levy at an amount equal to or less than the amount set by the Board of Estimate and Taxation.

The Park Board maintains a "Park and Recreation Levy" for general fund operations of the Park Board and a "Tree Preservation and Reforestation Levy" to preserve and protect the urban tree

²⁷ Excerpted from Minneapolis Park and Recreation Board website.

²⁸ Minneapolis Charter Section 6.5 (a)(4).

²⁹ Minneapolis Charter Section 6.1

³⁰ Minneapolis Charter Section 6.3.(a)

³¹ Minneapolis Charter Section 6.2 (J) 1-3

canopy. This includes removal and replacement of ash trees, as well as replanting of trees lost during storms.³² This levy is in the second year of an eight year program.

In its ParkScore index, a comprehensive rating system developed by the Trust for Public Land to measure how well the 75 most populous U.S. cities are meeting their residents’ need for parks, Minneapolis ranked as the top urban park system in the nation in 2013, 2014 and 2015. Parkscore is based on the three most important characteristics of an effective park system: acreage, facilities and investment, and access.

The Park Board enjoys widespread public support. In a 2015 citywide survey of residents, 32 percent rated their overall impression of the Park Board as “Excellent” and 63 percent as “Good.” In the same survey, 95 percent answered “Yes” when asked if the Park Board met the needs of their household.

Fiscal Status of the Park Board

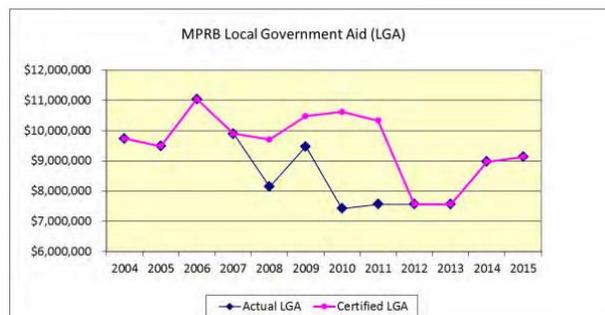
The chart below shows the annual levy amount and percent increase of the Park Board’s property tax levy, which represents a significant source of its funding.

Park Board Property Tax Levy (in millions)										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Amount	\$36.4	\$38.1	\$40.0	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$49.6
Increase	4.6%	4.5%	5.1%	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	2.1%

In its 2015 Budget, the Park Board provided the following assessment of its financial situation:

“The MPRB is committed to establishing long-term financial sustainability in operations, rehabilitation, and capital infrastructure. Despite significant reductions made to the general operating budget, implementation of initiatives that allow us to operate with greater efficiency, and expansion of creative revenue generating opportunities, rising costs and increased usage continue to strain our ability to financially meet all of the demands of the park system. Couple the operational pressures with the continued under-funding of park capital infrastructure; the MPRB has reached a critical juncture requiring significant work and attention to address the gap between available resources and the demand on and needs of the park system.”³³

Between 2003 and 2014, the Park Board workforce decreased by 115 full time employees, approximately 19 percent of the workforce, due to budget pressures, decreased state aids and increased operational efficiencies. In 2014, implementation of the Tree Preservation and Reforestation Levy, and a shift from part-time to full-time staffing, allowed the



³² http://minneapolisparksmn.iqm2.com/Citizens/Detail_LegiFile.aspx?ID=2311&highlightTerms=2014-266
³³ 2015 Approved Budget, Minneapolis Park and Recreation Board

first increase in full-time employees since 2006.³⁴

External factors such as healthcare costs and minimum wage increases also present challenges to the system. The seasonal nature of many recreation facilities, such as pools, result in large startup/shutdown costs, as well as ongoing maintenance needs due to their exposure to the elements.

Despite an increase in Local Government Aid in 2014, a state funding source described in detail later, the Park Board still received less LGA in 2014 than it did in 2005. This has made the Park Board more reliant on its two other sources of revenue, the property tax and Fees, Fines & other Revenue. In 2014, 72 percent of General Revenue came from property tax, 14 percent came from Fees, Fines & Other Revenue, and 14 percent came from LGA.³⁵

LGA goes directly into the City’s general fund. The City of Minneapolis, according to city policy, then allocates a portion of its allotment to the Park Board. As seen in the accompanying chart of LGA received by the Park Board, this funding source fluctuates and is not highly predictable. The Park Board’s allotment has decreased in recent years. Actions taken to balance the State budget from 2008 through 2011, when LGA came in below expectations, resulted in a loss of \$8.5 million in certified state aids to the Park Board General Fund.³⁶

Park Board Capital Program Revenue

Capital improvements for neighborhood parks come from three primary sources that are all backed by local property tax revenue.

-Net Debt Bonds: Bonds for capital improvements issued by the City of Minneapolis. Net debt bonding has generally stayed at the same level over the last 20 years.

-Pay as You Go – Capital Levy: Property tax levy dollars for capital projects, from the City of Minneapolis. This funding source was created in the early 2000s.

-Pay as You Go – Additional: Dollars that are diverted from the Park Board operating budget to the capital budget

Regional park capital improvements are primarily funded by other non-local sources. They include: Metropolitan Council funding, the Parks and Trails Fund created by the 2008 Legacy Amendment, and the Environmental and Natural Resources Trust Fund that is backed by state lottery revenue.

Projected Neighborhood Park Funding Source (in millions)	2015	2016	2017	2018	2019	2020
Net Debt Bonds	\$2.50	\$2.50	\$2.50	\$1.50	\$4.50	\$3.00
Pay as You Go - Capital Levy	1.50	1.50	1.50	1.50	1.50	1.50
Pay as You Go - Additional	1.03	1.38	1.38	1.38	1.38	1.38
Total	\$5.03	\$5.38	\$5.38	\$4.38	\$7.38	\$5.88

Projected Regional Park Funding Source (in millions)	2015	2016	2017	2018	2019	2020
Met Council/Regional Parks	\$1.81	\$0.45	\$4.11	\$0.45	\$4.11	\$0.45
Parks and Trails - Legacy	3.246	3.304	3.456	3.25	3.25	3.25
Lottery In Lieu (O and M)	1.395	1.3	1.3	1.3	1.3	1.3
Total	\$6.45	\$5.05	\$8.87	\$5.00	\$8.66	\$5.00

³⁴ Excerpted from https://www.minneapolisparcs.org/_asset/wvss9k/budget_history_projections.pdf

³⁵ Park Board Budget Presentation page 7. https://www.minneapolisparcs.org/_asset/wvss9k/budget_history_projections.pdf

³⁶ Park Board 2015 Annual Budget page 47.

The chart above shows the projected capital program funding sources for Neighborhood Parks and Regional Parks, from 2015-2020.³⁷ The neighborhood capital budget has increased in recent years, primarily due to existing funds transferred from its operating budget. However, this increase does not represent a trend towards meeting capital needs.

Neighborhood Parks Funding Gap

For many years, the Park Board has been experiencing a funding gap for the neighborhood park system. This funding gap for neighborhood parks is well-documented. Detailed information on identified projects and needed improvements is available on the Park and Recreation Board website. A chart produced by the Park Board highlighting citywide asset investment and need for the neighborhood park system is included in Appendix H.

The Park Board faces critical gaps in infrastructure and capital funding for neighborhood parks. From 2000 – 2015, the funding gap for repairing and replacing aging and failing neighborhood park assets grew to \$111 million. Unless these issues are addressed, the backlog and costs will continue to increase and are estimated to grow an additional \$46 million from 2016 – 2020.³⁸

Maintenance periods, such as the time between mowing parks, have been extended. In addition, many capital assets, such as recreational centers and facilities built in the 1960s and 70s, are nearing the end of their life cycle and need capital improvements such as new roofs or heating-cooling systems.

In 2000, the neighborhood capital funding need was estimated at \$8.5 million annually. In 2014, the neighborhood capital funding need is estimated at \$14.3 million annually.

In recent years, the Park Board has transferred dollars from its operating budget to its capital budget in order to make up for this shortfall. This shift resulted in a detrimental effect on operating service for neighborhood parks. The Park Board has cut back on services for operations and maintenance to neighborhood parks, such as extending the number of days in between mowing.

The Park Board currently invests \$4 to \$5 million annually in neighborhood infrastructure replacement and improvements. The current level of park assets requires \$14.3 million annually, and this funding gap will increase annually with inflation.

The Park Board is also working on a community planning initiative known as RecQuest. This program is focused on assessing community needs for recreation center programming and facilities, and to inform stakeholders how the Park Board can best serve current and projected recreation center needs.

Initial findings will be released in the second half of 2015, with a final report released in the first half of 2016. The initial findings will provide information on the public's desires for future recreation center facilities.

³⁷ Approved Budget, Minneapolis Parks and Recreation Board 2015. P. 148.

³⁸ "Closing the Gap: Investing in Our Neighborhood Parks – Frequently Asked Questions." Minneapolis Park and Recreation Board.

Parkland Dedication Fee

As of January 1, 2014, Minneapolis administers a parkland dedication ordinance. The ordinance may be fulfilled by dedicating a piece of land to the Park Board, proposing a privately owned space for public use, or paying a fee (\$1,500 per residential unit or \$200 per development employee for commercial/ industrial). Fees will be transferred from the City of Minneapolis Department of Community Planning and Economic Development to the Park Board. Money is restricted to the acquisition and development of new parks, playgrounds, recreational facilities, wetlands, trails, and open space areas within half a mile of where development occurs. While upgrades to existing neighborhood and community parkland are eligible uses, ongoing operations and maintenance to existing neighborhood and community parkland are not eligible uses of the fund.³⁹ This is not a viable funding source for the Park Board's needs and is not explored further.

CHOOSING A LOCAL FUNDING STRATEGY

Introduction

Generally, there are three broad-based types of revenue sources available to local governments to pay for parks and land conservation: discretionary annual spending (i.e. budget appropriation), creation of dedicated funding streams such as voter-approved special taxes, and the issuance of bonds. The financing options utilized by a community will depend on a variety of factors such as taxing capacity, budgetary resources, voter preferences, and political will. While most local governments can create funding for parks and recreation through their budgetary process, this either happens infrequently or does not yield adequate funding.

In the Trust for Public Land's experience, local governments that create funding via the budget process provide substantially less funding than those that create funding through ballot measures. As elected officials go through the process of making critical budgetary decisions, funding for parks and land conservation often lags behind other public purposes and well behind what voters would support. It is often quite difficult to raise taxes without an indisputable public mandate for the intended purpose.

The power of conservation finance ballot measures is they provide a tangible means to implement a local government's vision. With their own funding, local governments are better positioned to secure scarce funding from state or federal governments or private philanthropic partners. Having a predictable funding source empowers the city, county, or special district to establish long-term conservation and recreation priorities that protect the most valuable resources, are geographically distributed, and otherwise meet important community goals and values.

Nationwide, a range of public financing options has been utilized by local jurisdictions to fund parks and open space, including general obligation bonds, the local sales tax, and the property tax. Less frequently used mechanisms have included real estate transfer taxes, impact fees, and income taxes.

³⁹ "City of Minneapolis Parkland Dedication Ordinance FAQ," City of Minneapolis & Minneapolis Park and Recreation Board. Accessed August 12, 2015, <http://www.ci.minneapolis.mn.us/www/groups/public/@regservices/documents/webcontent/wcms1p-118221.pdf>

The ability of local governments and special districts to establish dedicated funding sources depends upon state enabling authority.

Conservation finance measures are not right for every local government or they might not be the best approach at the time. Budget appropriations and other revenue mechanisms, such as developer incentives, that can be implemented by the local government may provide short-term funding options while parks and conservation proponents develop a strategy and cultivate broad support for longer-term financing options.

Local Public Finance in Minnesota

The State of Minnesota authorizes local communities to use various revenue sources for open space, parks, and recreation purposes including general obligation bonds, property taxes, and sales and use taxes. These funding mechanisms require approval by the electorate and have enjoyed widespread support in communities throughout the state.

Voters approved 82 percent of local conservation finance measures (23 of 28) for parks and open space on the ballot in Minnesota between 1990 and 2015. Appendix C contains a chart summarizing finance measures for parks and open space approved by voters for local jurisdictions in Minnesota. The passage rate for local land conservation ballot measures in Minnesota (82 percent), is higher than the national passage rate of 75 percent for such ballot measures.⁴⁰

General obligation bonds are the most popular public finance mechanism in Minnesota for parks and open space. All but two of the local ballot measures for conservation purposes have sought voter approval for the issuance of bonds.⁴¹

Canvas of City Public Finance Measures

In Minnesota, city referendums for public spending authority are backed by a property tax levy, either for a general obligation bond or a tax rate increase, are rare. While cities frequently vote on public measures, few are for public spending. The last general property tax increase for a city was in 2011, when Duluth increased its levy. Most referendums for property tax increases are for school districts, and are common and well-supported.

In 2012, of the 71 public questions on the ballot across the state for property tax increases, only five were for cities or counties. Of the 56 city questions for all purposes, four were for the issuance of general obligation bonds. None were for a general property tax increase.

In 2013, of the more than 100 public questions on the ballot across the state for property tax increases, only two were for non-school district related measures. All were to issue general obligation bonds. One was for parks.

In 2014, there were 187 ballot questions involving a property tax increase. Of the 59 referendums for cities, none were for general property tax rate increases. Eight were for general obligation bonds.⁴²

⁴⁰ Note this list includes only those measures that have some funding for land acquisition. Measures that are strictly for operations and maintenance are not counted here.

⁴¹ The Trust for Public Land. Land Vote database, www.landvote.org

General Obligation Bonds

General Obligation (G.O.) bonds are guaranteed by the full faith and credit of the county and are most frequently backed by property tax revenues. These are the type of bonds discussed in this report. However, it is important to note that some bonds are financed by other revenue sources. For example, the revenues of facilities that charge users for services back revenue bonds. Revenue bonds are widely used for sewer, water, and storm sewer utilities.⁴³

The Minnesota statutes list various purposes for which any city may issue G.O. bonds; among these are the acquisition or betterment of parks and the acquisition of development rights in the form of conservation easements.⁴⁴ When the use of proceeds is the acquisition or betterment of any land or easements, the proceeds may be used to pay all expenses that are reasonably necessary and incidental. This includes the cost of necessary professional planning studies to determine desirable locations, architectural, engineering, legal, financial advisory, and other professional services, printing and publication, and interest to accrue on obligations prior to the anticipated date of commencement of the collection of taxes or special assessments to be levied (or other funds pledged for the payment of the obligations and interest).⁴⁵ Proceeds from a general obligation bond issuance may not be used for ongoing expenses, such as maintenance.

In Minneapolis, the total debt limit is three and one third percent of the market value.^{46 47 48} Excepted from this limit are almost all debt obligations for which some source of revenue (other than property taxes) is pledged as security. Typically, general obligation bonds may be issued only upon majority approval of voters.

In 2014, Moody's credit-rating agency downgraded the Minneapolis bond rating to Aa1 from AAA. This still represents a "high quality" rating; however it was lowered due to a 16 percent debt increase from 2013 to 2014. This was mostly due to borrowing associated with Downtown East and Target Center projects. Moody's had upgraded the city to AAA status in 2011. The city remains a AAA rating with Standard and Poor's and Fitch.⁴⁹⁵⁰

⁴² This section generated from a review of ballot questions on the Minnesota Secretary of State website, 2012-2014. Accessed August 12, 2015.

⁴³ Segments of this section have been excerpted from: League of Minnesota Cities, "Handbook for Minnesota Cities," <http://www.lmnc.org/library/handbook.cfm>

⁴⁴ Minn. Stat. 475.52, Subds. 2.

⁴⁵ Minn. Stat. 475.65.

⁴⁶ While state statutes regulate G.O. debt to 3.667 percent for cities of the first class, local governments may set more restrictive debt limits in their city charters.

⁴⁷ Minn. Stat. 475.53. and Minn. Stat. 373.40. Cities having a population greater than 100,000 are limited to 2 percent, unless the city's charter provides a higher rate that is capped at 3-2/3 percent of the market value of taxable property in the city. Minn Stat. 475.53 Subds 1 & 2.

⁴⁸ Email communication with Mike Abeln, City of Minneapolis. August 13, 2015.

⁴⁹ Roper, Eric. "Moody's downgrades Minneapolis' credit rating," Minneapolis Star-Tribune, July 30, 2013. Accessed August 12, 2015, <http://www.startribune.com/moody-s-downgrades-minneapolis-credit-rating/217580141/>,

⁵⁰ Roper, Eric. "City debt will tick up after 10-year decline," Minneapolis Star-Tribune, January 23, 2014. Accessed August 12, 2015, <http://www.startribune.com/city-debt-will-tick-up-after-10-year-decline/241702461/>

G.O. Bonds in Minneapolis

The Minneapolis taxable assessed valuation of as of July 2015 was just over \$35.1 billion. The legal debt limit is approximately \$1.1 billion and current debt capacity is just over \$970 million. Minneapolis would have ample capacity to issue G.O. bonds for parks and open space. The chart on the following page illustrates the estimated annual debt service, required property tax increase, and annual household cost of different general obligation bond issues.⁵¹

Referendum market value was used for G.O. bonds if they were approved before June 30, 2008. Any debt obligations approved after that date, other than school district referendums, must be levied against net tax capacity, which in Minneapolis is \$360.7 million.⁵² Referendum market value means the market value of all taxable property, excluding property classified.⁵³ Net tax capacity is determined by multiplying the taxable market value of all property by their statutory class rates.^{54 55}

Issuing Bonds for Parks and Recreation

The chart below illustrates the debt service and tax increase for a range of bond amounts that could potentially be issued in Minneapolis. For instance, a referendum bond issue in Minneapolis of \$30 million would add \$2.2 million to the city's annual debt service and cost the average homeowner (\$191,000 value home) \$10.88 per year, assuming a 20-year bond at four percent interest.

Minneapolis Referendum Bond Financing Costs				
<i>Assumes 20-year bond at 4.0% interest rate; Net Tax Capacity = \$360.7 million.*</i>				
Bond Issue	Annual Debt Svce	Prop Tax Increase	Cost/ Year/ \$100K Home	Cost/ Ave./ Homeowner**
\$10,000,000	\$735,818	0.2040	\$1.52	\$3.63
\$15,000,000	\$1,103,726	0.3060	\$2.28	\$5.44
\$20,000,000	\$1,471,635	0.4080	\$3.04	\$7.25
\$30,000,000	\$2,207,453	0.6120	\$4.57	\$10.88
\$50,000,000	\$3,679,088	1.0200	\$7.61	\$18.13
\$75,000,000	\$5,518,631	1.5300	\$11.42	\$27.20
\$100,000,000	\$7,358,175	2.0400	\$15.22	\$36.27
\$125,000,000	\$9,197,719	2.5500	\$19.03	\$45.33
\$150,000,000	\$11,037,263	3.0600	\$22.84	\$54.40
<i>* Based 2015 Assessment Report Hennepin County Assessor's Department</i>				
<i>**Based on median home market value of \$191,000. Source: Hennepin County Assessor's Office.</i>				

⁵¹ The property tax estimates assume that the city would have to raise taxes to pay debt service on bonds. The city may, however, choose to use other revenue sources, such as monies from the fund balance. In addition, as the city's tax base grows, the annual tax on existing property owners may decline.

⁵² Minn. Stat. § 275.61

⁵³ http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_11.pdf

⁵⁴ http://www.revenue.state.mn.us/local_gov/prop_tax_admin/at_manual/04_12.pdf

⁵⁵ Personal communication with Property Tax Research Division, Minnesota Department of Revenue, August 2015.

Generally, bond proceeds are limited to capital projects and may not be used for operations and maintenance purposes. Federal regulations governing the issuance of tax-exempt bonds limit the use of proceeds to capital purposes such that only a small fraction (up to five percent) of bond funds may be used for maintenance or operations directly related to the funded facilities.⁵⁶ State and local laws may further limit the use of bond proceeds.

The Trust for Public Land's bond cost calculations provide a basic estimate of debt service, tax increase, and cost to the average homeowner in the community of potential bond issuances for parks and land conservation. Assumptions include the following: the entire debt amount is issued in the first year and payments are equal until maturity; 20-year maturity; and four percent interest rate. The property tax estimates assume that the jurisdiction would raise property taxes to pay the debt service on bonds; however other revenue streams may be used. The cost per household represents the average annual impact of increased property taxes levied to pay the debt service. The estimates do not take into account growth in the tax base due to new construction and annexation over the life of the bonds. The jurisdiction's officials, financial advisors, bond counsel and underwriters would establish the actual terms of any bond.

A corresponding chart assuming a 30 year bond is included in Appendix N.

General Considerations for Debt

There are a number of potential considerations to issuing bonds for parks and land conservation. A few of the advantages and disadvantages are outlined below.

Advantages

- Provides a large pool of funding that allows immediate funds for park improvements or purchase of land while it is still available, and presumably at a lower price than in the future.
- Distributes the cost of improvements or acquisition over time so that future beneficiaries also share in the burden.

Disadvantages

- Interest on debt increases total costs.
- Funds may be used only for capital improvements (e.g., acquisition of park land, construction of park improvements) and not for on-going monitoring and maintenance.⁵⁷

Enactment Procedures for Referendum Bonds

According to the Minneapolis Charter⁵⁸ the City may issue bonds, borrow money, or otherwise pledge its credit with the concurrence of:

⁵⁶ Treas Reg 1.148-6(d)(3)(ii)(A)(5)

⁵⁷ Minn. Stat. 475.52 and 475.65 authorize the use of bond proceeds for the "acquisition and betterment" of property and equipment. Also, IRS rules governing tax-exempt bonds limit the use of proceeds to capital purposes.

⁵⁸ Minneapolis Charter Section 9.4(a)

- the City Council, by two-thirds of its membership;
- the Board of Estimate and Taxation, with at least five affirmative votes; and
- any other board in which this charter vests the borrowing power, by two-thirds of its membership.

The City may not issue bonds, borrow money, or otherwise incur debt in connection with any capital improvement where the debt exceeds \$15 million for the entire project unless approved by the voters.⁵⁹ **The Park Board may not issue referendum bonds on its own, except in small amounts described later that will not meet its demonstrated needs. The Park Board must request that the City issue such bonds on its behalf.**

The governing body must submit the proposition to the voters at a general or special election or a town or school district meeting.⁶⁰ The city council, by a majority vote of a quorum, must pass a motion calling a special election. Special elections may take place on any day except within 56 days of a state general election.⁶¹

Hennepin County would need to be notified of any question to be placed on the ballot at least 74 days before the election. For the November 8, 2016 election this would mean submission no later than August 26, 2016. Earlier deadlines apply if the question is a charter amendment. A question can be placed on a general or special election ballot, but not a primary ballot. Prior to the 74-day deadline the city would need to pass enabling legislation, such as an ordinance, to put the question on the ballot and call a special election, if necessary.

The notice must include the date of the election and the title and language for each ballot question. The governing body is required to issue a notice that states the maximum amount of bonds to be issued and the purpose of the proposed issue. If the bond issue will be voted on in a special or general election, the notice must state the time of the election, the location of each polling place, and all propositions to be voted on. This notice must be issued within two weeks of the election. The clerk must also publish a sample ballot in the official newspaper of the municipality at least two weeks before the election.⁶²

Generally, the structure of the ballot is fixed by statute but the content requirements of the question to be voted upon are very broad. Overall, ballots must be prepared in a manner that enables the voters to understand the questions that are to be voted upon.⁶³ (Please see the appendix for examples of language for other bond issue questions.)

Specifically, debt obligations payable from property taxes must include on the ballot the following notice in boldface type:

**BY VOTING “YES” ON THIS BALLOT QUESTION, YOU ARE
VOTING FOR A PROPERTY TAX INCREASE⁶⁴**

⁵⁹ Minneapolis Charter Section 9.4(d)

⁶⁰ Minn. Stat. 475.59.

⁶¹ Minn. Stat. 205.10 Sec 3

⁶² Minn. Stat. 205.16

⁶³ Minn. Stat. 204B.35, Subd.2.

⁶⁴ Minn. Stat. 275.60(a).

Additionally, when a question is to be submitted to a vote, a concise statement of the nature of the question must be printed on the ballot.⁶⁵ The words, “Yes” and “No” must be printed to the left of this statement, with a square to the left of each word so that the voter may indicate by a mark (X) either a negative or affirmative vote. The ballot shall include instructions directing the voter to put an (X) in the square before the word “YES” if the voter desires to vote for the question, or put an (X) before the word “NO” if the voter desires to vote against the question.

In the case of general obligations backed solely by the property tax, the issuing city is required to levy at the time the bonds are sold (in the resolution awarding the sale), an unrepealable ad valorem tax for each of the maturity years of the bond equals to 105 percent of the principal and interest due in that year. The purpose of the five percent over levy is to cover possible deficiencies in tax collection. The resolution must be filed with the county auditor who must levy the tax for the years indicated. If however, other revenues are pledged as security for the bonds (special assessments, tax increments, revenues) the amount of the annual tax levies may be reduced by the city’s reasonable estimate of expected revenues from those sources.⁶⁶

If voters do not approve the issuance of bonds, the question for the same purpose and amount may not be resubmitted to the voters within 180 days from the first election. If the bond question(s) fail a second time, the question may not be submitted to voters within a period of one year following the second election.⁶⁷ The statute, read literally, states that a change of \$1 in the amount would permit an early resubmission, but common sense suggests that some more substantial change is required.

There is no clear rule in chapter 475 of the Minnesota Statutes or court decisions as to how long voter authorization for a bond issue remains effective. The best policy is to issue the bonds when the money is needed for the project to be financed.⁶⁸

In addition to the process for enactment described above, general obligation bonds could also be issued through the charter amendment process. This process is described later in the report.

Bonds and the Park Board

The city, through the Board of Estimate and Taxation, sells net debt bonds on behalf of the Park Board through the city’s capital budget process. These bonds are then represented in the Park Board’s capital budget.

The capital improvement budget process is overseen by the Capital Long-Range Improvements Committee, which makes recommendations to the City Council and Mayor. The Capital Improvement Program is likely not an avenue for the Park Board to seek larger levels of funding to meet its need.

⁶⁵ Minn. Stat. 204B.36, Subd.3.

⁶⁶ Thus, where 100 percent of the cost of an improvement project is assessed against benefited property, no tax levy need be made, or if 50 percent is to be assessed the 105 percent rule applies only to the 50 percent levied for the city’s share of the cost of the project. Minn Stat. 475.61.

⁶⁷ Minn. Stat. 475.58, Subd. 1a.

⁶⁸ Chapter 24 Debt and Borrowing League of Minnesota Cities Handbook. Page 7; <http://www.lmc.org/media/document/1/chapter24.pdf?inline=true>

The Board of Estimate and Taxation must approve the issuance of net debt bonds (property tax supported bonds). The Park Board may only borrow money on its own when the annual interest does not exceed \$50,000.⁶⁹ This option would not meet the Park Board's demonstrated needs.

Similar to the Park Board, the full faith and credit of the City secured debt issued for projects benefiting the Library Board. The City issued G.O. bonds for the new central library, approved by voters in a 2000 referendum. Similar to that of the Park Board, the city also previously issued bonds on behalf of the Library Board. A portion of the city's levy currently goes to debt service payments for library bonds. There has not been a large issuance of bonds benefitting the Park Board in recent years, outside of the normal capital budget process. Given the similarity between the Park Board and Library Board as independent boards of the city, the case of bonds issued following the 2000 library referendum is described as a comparison.

Each year, the Park Board submits a resolution to the Board of Estimate & Taxation requesting it to incur indebtedness, and issue and sell Minneapolis net debt bonds for the capital improvement program.

In most instances, the City is responsible for debt service obligations for net debt bonds. For projects such as the Parade Ice Gardens, the city would only sell bonds if the Park Board would pay debt service out of its enterprise fund.⁷⁰ The debt service for bonds issued as a result of a referendum would likely need to be backed by the city and not the Park Board.

Ad Valorem (Property) Tax

Overview

The property tax is the largest single source of revenue for the City of Minneapolis General Fund. Each local jurisdiction determines the revenue needed from property taxes by subtracting all non-property tax revenue (i.e. state aid, fees, federal funding, etc.) from its total proposed local budget. The remaining amount is the property tax revenue needed, and is known as a levy. A levy is not a tax rate; the impact on individual homeowners depends on changes to the tax base and individual home values.⁷²

For instance if the local proposed budget was \$1,000,000 and non-property tax revenue equaled \$200,000, the property tax revenue needed would be \$800,000. A levy of \$800,000 would be needed in order to generate the level of revenue. The levy is then spread among all taxable properties according to their net tax capacity. A property's tax capacity is defined as its taxable market value multiplied by its state-mandated class rate. Each class of

County	28%
City	29%
School	28%
Special District	4%
State	12%

⁶⁹ Minneapolis Charter Section 6.5(b).

⁷⁰ Personal communication with Juli Wiseman. August 4, 2015.

⁷¹ Gould, Lena. "2014 Property Tax Report," Minnesota League of Cities. Accessed August 12, 2015, <http://www.lmc.org/media/document/1/propertytaxreport2014.pdf?inline=true>.

⁷² Roper, Eric. "More Details emerge about Hodges Budget proposal." Star-Tribune. August 29, 2014. Accessed August 14, 2015.

property has a different classification at a rate set by the legislature.

Taxable property includes both real and personal property, and a taxable property’s value is defined as the estimated total market value, which is determined by the local county assessor.⁷³ Properties with the same market value will be taxed differently depending on how they are classified. The state legislature gives more weight to the value of commercial property as compared to residential property.

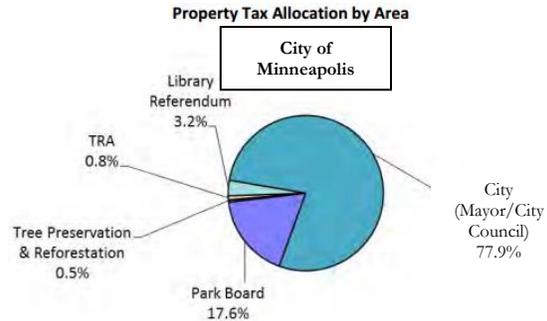
Additional city levies approved by voters are levied against net tax capacity, which equals taxable market value multiplied class rate.⁷⁴

Net property tax equals the property’s net tax capacity times the tax rates of all relevant taxing jurisdictions, plus the market value tax.⁷⁵

A jurisdiction’s tax rate equals the levy amount divided by its total net tax capacity.⁷⁶ The tax rate is then spread across all property in the jurisdiction. An individual property’s total property tax equals its net tax capacity multiplied by the tax rates of all relevant taxing authorities, plus the market value tax.

Residential homestead property represented the largest piece of property tax revenue, followed by commercial/ industrial.⁷⁷ While residential homesteads represent 59 percent of total city market values statewide in 2014, they represent 48 percent of total city tax capacity. In the same year, commercial/ industrial property represent 20 percent of total city market values, they represent 31 percent of total city tax capacity.

Recipient	Percent of Bill
City of Minneapolis	43%
Hennepin County	28%
School District	26%
Other Taxing Districts*	3%



The corresponding chart shows the allocation by area of the city’s portion of property taxes for 2015.

LEVY LIMITS

Levy limits apply to cities with populations over 2,500, but only if the state Legislature imposes them. As of August 2015, The State of Minnesota does not currently impose general levy limits. Previously, a one-year levy limit was in place for taxes payable 2014.⁷⁸ If limits are in place, the commissioner of revenue calculates the levy limit for each city and notifies cities of their levy limits by August 1. While

⁷³ Minneapolis Charter § 9.5.

⁷⁴ The Trust for Public Land is waiting on clarification on this statement, to better understand a discrepancy between communication with Minnesota Department of Revenue staff and the Property Tax Administrator’s Handbook.

⁷⁵ <http://www.house.leg.state.mn.us/hrd/issinfo/2015PropTaxBriefing.pdf>

⁷⁶ “Understanding Property Taxes,” Minnesota Revenue. Accessed August 12, 2015,

http://www.revenue.state.mn.us/propertytax/factsheets/factsheet_12a.pdf

⁷⁷ <http://www.house.leg.state.mn.us/hrd/pubs/ss/ssproptax.pdf>

⁷⁸ Gould, Lena. “2014 Property Tax Report,” Minnesota League of Cities. Accessed August 12, 2015, <http://www.lmc.org/media/document/1/propertytaxreport2014.pdf?inline=true>.

levy limits are not currently in place, the City of Minneapolis is restricted by the maximum levy limit set by the Minneapolis Board of Estimate and Taxation.

Levy limits are not freezes, cuts, or blanket caps that apply uniformly across the state. Based off of a formula, they vary from city to city. The existing levy is used as a base; whatever was levied in the previous year would be the starting point for the levy limit.⁷⁹ They usually allow some growth, plus special levies outside of the limit.⁸⁰ A voter approved levy is considered a special levy.

TRUTH IN TAXATION

In 1988, the legislature enacted a process known as Truth in Taxation to enhance public participation in Minnesota's property tax system. It consists of three main components that help property owners better understand their property taxes.

Each local government is required to formally adopt a "proposed levy" in September for the upcoming year. County auditors generate parcel-specific notices of proposed taxes for all parcels of property based on the proposed levies. Finally, before the final levy is adopted and after the notices come out, each local government is required to hold a public meeting, to discuss budget and tax issues.⁸¹

While this process informs property owners of their specific tax level, it does not mean that residents are deeply familiar with the role of property taxes in funding the Park Board and its distribution in the city.

The Property Tax and Park Board

The local property tax is the primary funding source for the Park Board's neighborhood park system. Neighborhood parks also generate fee revenue, and share in LGA revenue. The Park Board currently receives about eight percent, or eight cents out of every dollar, of property taxes paid by the residents of City of Minneapolis.

The chart below shows Park Board General Fund revenue broken down by source. In 2015, property taxes account for nearly 73 percent of budgeted General Fund revenue. The Tree Preservation and Reforestation Levy is entirely supported by property tax revenue.

Park Board General Fund Revenue				
	2014 Approved	2015 Approved	Change	% Change
Current Property Taxes	\$ 47,643,486	\$ 49,548,800	\$ 1,905,314	4.0%
Local Government Aid (LGA)	\$ 8,977,319	\$ 9,133,360	\$ 156,041	1.7%
Fees, Fines and Other Revenues	\$ 9,431,151	\$ 9,558,847	\$ 127,696	1.4%
Total Revenue	\$ 66,051,956	\$ 68,241,007	\$ 2,189,051	3.3%

⁷⁹ Communication with Whitney Morsching. Minnesota Department of Revenue. August 13, 2015.

⁸⁰ <http://www.house.leg.state.mn.us/hrd/issinfo/2015PropTaxBriefing.pdf>

⁸¹ <http://www.house.leg.state.mn.us/hrd/issinfo/2015PropTaxOverview.pdf>

Using a Levy and Property Tax Rate Increase for Parks and Recreation

Because a levy is a fixed amount of revenue, rather than a millage rate or percentage of assessed value, its relative value could decrease in future years as costs and budgets increase, as well as due to inflation. Future growth in the tax base could reduce the tax burden per homeowner, but would not generate additional funding. A levy and property tax increased could be used for operations and maintenance, as well as capital improvements, and be levied in perpetuity.

The chart below shows the effects of a levy and property tax increase by the City of Minneapolis as a result of a voter approved referendum.

Estimated Revenue & Costs of Property Tax Increase					
City of Minneapolis, MN					
Tax Rate Increase	% Increase	Levy Amount/ Annual Revenue	Cost/ Year to \$100,000 Home	Cost/ Year to Average Home	Increase as % of Market Value
0.0014	1	\$520,351	\$1.08	\$2.56	0.00143%
0.0029	2	\$1,040,703	\$2.15	\$5.13	0.00287%
0.0043	3	\$1,561,054	\$3.23	\$7.69	0.00430%
0.0065	4.5	\$2,341,581	\$4.84	\$11.54	0.00645%
0.0087	6	\$3,122,108	\$6.46	\$15.39	0.00860%
0.012	8	\$4,162,811	\$8.61	\$20.52	0.01147%
0.014	10	\$5,203,514	\$10.76	\$25.65	0.01434%
0.022	15	\$7,805,271	\$16.14	\$38.47	0.02150%
0.0277242	19.217784	\$10,000,000	\$20.68	\$49.29	0.02755%
0.0388138	26.904896	\$14,000,000	\$28.96	\$69.00	0.03857%
<i>Based on 2015 average home value of \$191,000, net tax capacity of \$360.7 million, and referendum market value of \$36.296 billion. Source: Hennepin County Assessor and Park Board Finance Department</i>					

Four options for a levy increase and property tax rate increase are presented below. A levy increase and property tax rate increase could also be implemented through a charter amendment, which is described later in the report.

Option 1: Levy Increase through City Budget Process

The City of Minneapolis could fund parks through a levy increase. This would not require voter approval, but would be subject to the annual city budget process and the maximum levy limit set by the BOE. This process is described generally in the City Budget process section.

Such an increase would be subject to the local political climate. Historically, the budget process has not been an avenue for the Park Board to seek large amounts of additional funding. However, in nine of

the last ten years, the Park Board has received a levy increase. The Park Board's percent increase tends to be lower than the percent increase of the general city levy

On August 12, 2015, Mayor Betsy Hodges announced her 2016 city budget, which includes a levy increase of 3.4 percent. This levy increase includes the amount requested by the Park Board.⁸² The mayor announced that roughly two-thirds of the city's residential taxpayers would see a decrease in the city portion of their property tax bills.⁸³

Option 2: Levy Increase by Voter Approval

The City Council could submit to the voters a question authorizing a property tax levy or tax rate increase, at a general or special election.⁸⁴ The increase would be levied against net tax capacity.^{85 86}

There is some question as to the authority cities have to seek voter approval for levies, in the absence of levy limits, unless specifically authorized by law.⁸⁷ The Trust for Public Land recommends that the Park Board obtain legal advice prior to seeking a levy increase under this statute.

The League of Minnesota Cities offers the following assessment:

Charter cities may hold an election on a topic only if the charter or statutory law specifically allows it. The attorney general repeatedly finds that charter cities must find specific authority for a special election in either the charter or statutory law. Best practice suggests charter cities consult the city attorney for specific legal advice and interpretation of the charter provisions relating to special elections.⁸⁸

It is unclear if a property tax levy approved through this process would qualify as a special levy and would therefore be exempt from levy limits set by the state legislature.⁸⁹ Without the presence of specific authority for a special election for a levy increase, it is unclear if the City of Minneapolis has the authority to pursue a levy increase through this option.

Ballot language examples of public questions regarding levy increases are included in Appendix O.

ENACTMENT PROCEDURES⁹⁰

A voter approved levy must be ordered by the City Council, not the Park Board. The City Council may initiate a levy by its own initiative.^{91 92} The Park Board could pass a resolution recommending that the

⁸² Personal communication with Jayne Miller. Minneapolis Park and Recreation Board. August 12, 2015.

⁸³ McKenzie, Sarah. "Hodges proposes 3.4 percent increase in property tax levy for 2016." Southwest Journal. August 12, 2015. Accessed August 13, 2015. <http://www.southwestjournal.com/news/city-hall-update/hodges-proposes-34-percent-increase-in-property-tax-levy-for-2016>

⁸⁴ Minn Statute 275.60

⁸⁵ Email and phone communication with Eric Willette and Whitney Morsching, Minnesota Department of Revenue. August 2015.

⁸⁶ The Trust for Public Land is in communication with the Minnesota Department of Revenue confirming this.

⁸⁷ Email communication with Whitney Morsching, Minnesota Department of Revenue. August 13, 2015.

⁸⁸ League of Minnesota Cities Information Memo: City Special Elections.

⁸⁹ Minn Statute 275.70 Subd. 5(5)

⁹⁰ These enactment procedures assume that the City has the authority to seek a voter-approved levy increase.

⁹¹ The Trust for Public Land is in communication with the Minnesota Department of Revenue regarding the authority for a city to seek a levy increase through a petition route, and continues to research the feasibility of this option.

City Council consider a referendum for a levy increase, but initiative to introduce a proceeding in City Council must come from the Council itself. The Park Board has previously passed actions that either state an opinion or make a recommendation on a potential action of the City Council or Charter Commission.

Although the statutes do not definitively explain how the levy must be ordered, an ordinance passed by a city council authorizing a public measure is the common method for instances in other Minnesota cities. The governing body of the local government unit must resolve to increase the levy.

The City Council must submit notice of the public question to the Hennepin County Auditor at least 74 days in advance of the election. No special election may be held within 56 days after the state general election.⁹³ The City may not pursue a ballot question unless all election-related deadlines can be met.

A majority of votes cast in favor of the measure is required for passage.

The ballot must state the maximum amount of the increased levy as a percentage of market value and the amount that will be raised by the new referendum tax rate in the first year it is to be levied.⁹⁴ While the statute does not explicitly require that the purpose be stated, most other public questions increasing levies require the purpose be mentioned.

Any question submitted to the voters that authorizes a property tax levy or tax rate increase must include on the ballot the following notice, in bold type:

“BY VOTING ‘YES’ ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.”

This statement is printed in addition to any other provisions that govern the contents of ballot questions.^{95 96}

Option 3: Levy Increase for Parks – Voter Approval to Exceed Levy Limits (275.73)

If the legislature were to enact a levy limit for 2016 or any subsequent year, the City of Minneapolis could pursue voter approval for a levy under a special provision to exceed levy limits.

If levy limits are in place, a local government unit may seek voter approval for an additional levy in any amount. It must be approved by the majority of votes cast on the question, at a general or special election. Any levy authorized must be levied against net tax capacity.⁹⁷

⁹² If authority exists for a city to call a special election on an authorized topic, the City Council may be prompted to order a special election on a ballot question, if it receives a sufficient petition. However, a general obligation bond or levy increase does not, based off of information compiled by the League of Minnesota Cities, to be an eligible special election question for petition.⁹² The Minneapolis City Charter may provide for the petition route.

⁹³ Minn Statute 205.1 Subd. 3.

⁹⁴ Minn Statute 275.61 Subd. 1(b)

⁹⁵ League of Minnesota Cities – Information Memo – City Special elections

⁹⁶ Minn. Statute 275.60

⁹⁷ Minn. Statute 275.73 Subd.1.

An additional levy approved at a general or special election held on or before the first Tuesday after the first Monday in November may be levied in that same levy year and in subsequent levy years.⁹⁸

According to the Minnesota Department of Revenue, in the last 20 years, no city has exercised the authority under this statute to ask its voters to exceed their levy limit.⁹⁹ The Trust for Public Land found one instance in 2008, ballot language for this measure is included in Appendix O. This option would not be worthwhile to pursue in the absence of levy limits, as is currently the case, and is not explored further in this report.

Option 4: Levy Increase by under Special Legislative Authority

Special law from the Minnesota legislature could also allow for a jurisdiction to seek voter approval for a levy or tax rate increase, in a process other than the previous three options described. These acts could supersede other existing election law discussed in this report. There is precedent of this process being used in the state for parks and recreation, including in Minneapolis and Duluth, and are described below.¹⁰⁰

ENACTMENT PROCEDURES

Enactment procedures would depend upon the specific language of the act.

A special law is not effective without approval of the local government unit affected. Unless the particular special law specifies otherwise, approval is adopted by a majority vote of all members of the relevant governing body.¹⁰¹ Examples of special laws relevant to the Park Board are discussed later in the report and included in Appendix M.

1952 AND 1957 MINNEAPOLIS REFERENDUMS

In 1951, the Minnesota Legislature passed an act allowing the commissioners of the Park Board to levy a tax of up to a limit five mills on each dollar, and to seek voter approval prior to June 30, 1953 in order to continue the increased levy.¹⁰² The law instructed that the referendum be submitted by the City Council. Minneapolis voters approved the measure in 1952.

In 1957, the Legislature passed an act allowing the Park Board to levy a tax of up to a limit of six mills, effective only when approved by a referendum vote by the end of 1958. The law instructed that the referendum be submitted by the City Council. Minneapolis voters approved the measure.¹⁰³

⁹⁸ Minn. Statute 275.73 Subd 2.

⁹⁹ Email Communication with Eric Willette and Whitney Morsching, Minnesota Department of Revenue. August 11, 2015.

¹⁰⁰ Minnesota statute establishes at least four funds and/or levies benefiting the Park Board. They are:

A levy for a park improvement fund, Levy for park and recreation facilities, levy for parks and parkways maintenance fund, and a levy for a tree preservation and reforestation fund. Additional research may determine if these statutes, included in Appendix M, provide additional funding opportunities for the Park Board.

¹⁰¹ Minn. Statute 645.021 Subd. 2.

¹⁰² <https://www.revisor.mn.gov/laws/?year=1951&type=0&doctype=Chapter&id=526>

¹⁰³ https://www.revisor.mn.gov/laws/?year=1957&type=0&group=Session+Law&doctype=Chapter&id=955&keyword_type=all&keyword=Minneapolis+Park+Board

2011 DULUTH PARKS REFERENDUM

In 2011, the Duluth City Council approved an ordinance creating a separate fund and authorizing a special levy to fund parks and recreation, contingent on voter approval. With 57 percent approval, voters approved the Parks and Recreation Referendum in November 2011, which dedicated a property tax levy to the improvement and maintenance of local parks, trails and recreation facilities.¹⁰⁴ Each year, the City levies an additional \$2.6 million and represents three percent of city property taxes. In 2011, it cost the average homeowner less than \$60 a year.¹⁰⁵ Although the city council could have passed the increase itself, as a charter amendment, it instead chose to go to voters.¹⁰⁶

The levy was based off a 1953 law that specifically authorized the Duluth City Council to enact a levy by ordinance, upon voter approval, and not through the Minnesota statutes previously described for property tax increases.^{107 108}

Ballot language for this measure is included in the appendix.

Charter Amendment Processes

In addition to a referendum called by the City Council, a charter amendment could be used to enact a levy and tax rate increase or the issuance of general obligation bonds.

This section describes an alternative process to the enactment procedures described in the General Obligation Bond and Property Tax sections. Amending the city charter is not a separate funding mechanism, but an alternative method. The ballot language requirements regarding a levy or issuance of G.O. bonds would likely still be applicable.

The Minneapolis Charter, state statutes, and City of Minneapolis website provides multiple ways for an amendment to be proposed and enacted. The charter amendment process is complicated – the City of Minneapolis website recommends that any interested party consult an attorney before pursuing a charter amendment.

Minnesota statutes and the Minneapolis Charter do not explicitly mention whether or not a property tax levy or general obligation bond could be voted on through a charter amendment. However, in 1959, the Charter Commission voted to place on a special election ballot a charter amendment authorizing the now-defunct Library board to increase its property tax levy.¹⁰⁹

The Charter was most recently revised through voter approval in 2014 to make changes to municipal office filing fees. As a reference, a timeline of the charter amendment process for this provision is included in Appendix F.

¹⁰⁴ "Parks and Recreation Plan – Trails and Bikeways Master Plan and Parks Fund History." City of Duluth. Accessed August 13, 2015, <http://www.duluthmn.gov/media/118101/web-page-narrative.pdf>

¹⁰⁵ "City of Duluth Parks and Recreation Referendum Facts." Duluth Cross-County Ski Club. Accessed August 13, 2015, <http://duluthxc.com/wp-content/uploads/2011/10/City-Parks-Referendum-Public-Fact-Sheet.pdf>

¹⁰⁶ Robertson, Tom. "Duluth voters reject school referendum, approve parks fund." MPR News. November 9, 2011. Accessed August 13, 2015, <http://www.mprnews.org/story/2011/11/09/duluth-voters>.

¹⁰⁷ <http://www.duluthmn.gov/clerk/council/resord11/11-0455r.pdf>

¹⁰⁸ Minnesota Session Laws 1953, Chapter 560 Section 1.

¹⁰⁹ <http://citizensleague.org/wp-content/uploads/2013/05/110.Proposed-Charter-Amend.-to-Increase-Library-Board-Taxing-power.pdf>

By Petition

Any citizen or group of citizens may prepare an amendment.

If the proposed amendment is less than 1,000 words, the full text must accompany the signature page. Petitions must include signatures equaling at least five percent of total votes cast in Minneapolis in the last state general election. For 2016, a citizen petition will require the signatures of at least 6,869 Minneapolis voters.¹¹⁰ All signatures must be from Minneapolis voters.

A petition must be filed with the Charter Commission through the Office of the City Clerk and must be verified by the Elections & Voter Services Division. The verification process may take up to 25 days.

After a petition is submitted, the elections & Voter Services Division must verify the petition. If there are not enough signatures, the petition is returned and petitioners have up to 10 additional days to collect more signatures.

After a second submission, the Elections Division has five days to verify the additional signatures. If there are not enough signatures at this point, no further action is taken by the City. If there are enough signatures, the petition goes to the Charter Commission. The Charter Commission will transmit it to the city Council for action.

When the City Council receives a petition, it is referred to the Intergovernmental Relations (IGR) Committee to propose ballot language. The City council considers the recommendation of the Committee and approves the final ballot question.

The amendment must be submitted to voters as a ballot question at the next general election, if one is to be held within the next six months. If there is not a general election within that period, a special election must be held within 90 days.

If the charter amendment proposed by petition is to be voted on at the general election, it must be submitted to the Charter Commission at least seventeen weeks in advance.¹¹¹ The measure must be submitted to the county auditor at least 74 days in advance. 51 percent approval of votes cast is required.

Proposal by Charter Commission

The Charter Commission may propose a charter amendment to be placed on the ballot and be voted upon by Minneapolis voters. The Charter Commission will consider non petition proposals to be placed on the ballot submitted to it in writing before the Commission's June meeting.

The Charter Commission must hold a public hearing prior to voting to place a proposed amendment on the ballot unless two-thirds of Commissioners present vote not to hold one. Once the Charter Commission approves an amendment, it is submitted to the City Council. Upon receipt from the

¹¹⁰ City of Minneapolis, "YourCity Your Vote – Citizen Petition to Amend City Charter," Accessed August 12, 2015, <http://vote.minneapolismn.gov/voters/petition>.

¹¹¹ City of Minneapolis, "Citizen Petition to Amend City Charter", accessed August 12, 2015, <http://www.minneapolismn.gov/charter/WCMS1P-123959>.

Charter Commission, the City Council refers the submission to the IGR committee, which reviews the amendment and makes a recommendation on ballot language to the City Council. The City Council then must approve the final ballot language. If approved, the amendment is submitted to voters as a ballot question at the next general election, if one is to be held within six months of the date the proposed amendment is transmitted to the City Council by the Charter Commission. If there is not a general election within that period, a special election must be held within 90 days.¹¹²

The Charter Commission makes no assurance that consideration of proposals will be completed by election deadlines and encourage such proposals to be submitted at the earliest date possible.¹¹³

Proposed charter amendments must be submitted to the County Auditor 74 days before the election. 51 percent approval of votes cast is required. If approved, the amendment becomes effective 30 days after the election unless the amendment itself includes a different date.

Proposal by City Council

The City Council may propose a charter amendment to Minneapolis voters by ordinance, by way of referral to the Charter Commission.

An ordinance generally would be introduced in City Council and referred to the IGR Committee, which would consider the proposed amendment and make a recommendation to the full City Council regarding referral to the Charter Commission.

The City Council then determines whether to refer the ordinance proposing an amendment to the Charter Commission. If referred, The Charter Commission has sixty days to review, and may file a resolution with the city clerk extending the period by an additional 90 days if it determines that additional time is necessary.

After the review period, the commission returns either the proposed amendment or its own substitute amendment to the council, or rejects the proposed amendment. The council then submits to the voters either its originally proposed amendment or the Charter Commission's substitute amendment. The City Council is not bound by the action of the Charter Commission.

The City Council then refers the Charter Commission's recommendation to the IGR committee, which reviews the Charter Commission's recommendation and recommends ballot language to the City Council. The Council can either approve the original amendment or a substitute amendment if one was submitted by the Charter Commission. The City Council cannot make any other changes to the proposal. The City Council then approves the final ballot language.

The amendment must be submitted to voters as a ballot question at the next general election, if one is to be held within six months of the date the amendment is transmitted to the City Council by the Charter Commission. If there is no general election within that period, a special election must be held within 90 days.

¹¹² Largely excerpted from City of Minneapolis website.

¹¹³ Minneapolis Charter Commission, Rule 5.2, Accessed August 12, 2015, <http://www.minneapolismn.gov/www/groups/public/@clerk/documents/webcontent/wcms1p-118967.pdf>

The question must be submitted to the Hennepin County Auditor 74 days in advance of the election. 51 percent approval of votes cast is required. If approved, the amendment becomes effective 30 days after the election unless the amendment itself includes a different elective date.¹¹⁴

Amendment by Ordinance

Amendments may also be recommended by the Charter Commission and passed by the Council with a 13-0 vote. However, these are generally for “non-controversial or housekeeping amendments,” that are typically recommended by City staff in order to clarify or update the charter. It is unlikely that this option would occur.

The amendment becomes effective ninety days after passage and publication. During the first sixty days after publication, citizens may petition for a ballot referendum on the amendment by obtaining the signatures of at least 2,000 registered voters.¹¹⁵

ELECTION ANALYSIS

2016 Election Timeline

Hennepin County would need to be notified of any question to be placed on the ballot at least 74 days before the election. For the November 8, 2016 election this would mean submission by August 26, 2016. Earlier deadlines apply if the question is a charter amendment. A question can be placed on a general or special election ballot, but not a primary ballot. Prior to the 74-day deadline the city would need to pass enabling legislation to put the question on the ballot and call a special election, if necessary. Special elections may take place on any day except Sunday, a legal holiday, or within 56 days of a state general election.¹¹⁶

The Minneapolis Charter provides additional instructions on scheduling special elections. The City Council must schedule a special election as required by law on any questions that the voters may lawfully decide, and may schedule any other lawful special election. A public question is considered a special election. Unless the law provides otherwise, the Council may schedule such an election in connection with the next regular election.¹¹⁷ A special election could be scheduled in connection with the November 2016 general election.

Voter Registration and Turnout

As of August 2015, Minneapolis had 224,116 registered voters. Minnesota does not register voter party affiliation.¹¹⁸

¹¹⁴ This section largely excerpted from City of Minneapolis website.

¹¹⁵ Ibid.

¹¹⁶ Minn. Stat. 205.10 Sec 3

¹¹⁷ Minneapolis Charter Section 3.3

¹¹⁸ Minn. Stat. § 204D.08

Minneapolis Voter Turnout			
Date	Regist. Voters	Ballots Cast	% Turnout
Nov-14	247,282	137,362	56%
Aug-14	233,837	29,129	12%
Nov-13	239,985	80,099	33%
Nov-12	266,955	215,804	81%
*Aug-12	224,365	24,434	11%
Nov-10	252,495	140,363	56%

*Redistricting occurred in 2012 resulting in new ward and precinct boundaries across the city used for the first time with the 2012 State Primary Election.

Precinct level voter turnout for the 2012 and 2014 general elections can be found in appendices I and J.

Referendum Activity Concerning the Park Board

While Minneapolis voters have not voted on a public finance measure for the Park Board in recent history, there are several instances involving potential public questions regarding the Park Board. In 2000, a measure for a property tax increase to fund the Park Board was not placed on the ballot. Parks and Recreation Board unsuccessfully sought a referendum on increasing property taxes. Then-Mayor Sharon Sayles Belton vetoed the Park Board’s resolution to place the measure on the ballot. Mayor Belton worried that potential simultaneous measures for schools, parks and libraries would trouble voters.¹¹⁹ While the Park Board has the authority to override a mayoral veto, it chose not do so.

After the measure was not continued, the City and Park Board developed an agreement in 2000 designed to increase funding for the neighborhood park system.¹²⁰ It would have provided \$8 million from net-debt bonds and property taxes in 2004, and property-tax based funding was anticipated to increase with inflation after that point. However, in 2003, the Park Board’s annual funding was reduced in order to meet other funding priorities and cope with its budget deficit by \$4.2 million. The Park Board has not been funded on the levels agreed to in 2000.

In the spring of 2009, supporters of the Park Board persuaded the Charter Commission to vote against placing on the ballot a proposal to abolish the Park Board and make parks a city department, not an independent board.

In August 2009, supporters of the Park Board gathered enough petition signatures to place a question on the November ballot to make the Park Board a separate and independent government unit of the state, in order to give it the authority to hold full taxation powers. The petition was submitted to the

¹¹⁹ Brandt, Steve. “Minneapolis residents could vote on park funding,” Minneapolis Star-Tribune. March 31, 2015. Accessed August 12, 2015, <http://www.startribune.com/minneapolis-residents-could-vote-on-park-funding/298081591/>

¹²⁰ Comprehensive Plan. Page 23. https://www.minneapolisparcs.org/_asset/9h52lq/comprehensive_plan.pdf

Charter Commission, who referred it to the City Council.¹²¹ Then-mayor R.T. Rybak publicly opposed the potential measure, stating that it would give the Park Board unlimited power to raise property taxes.¹²²

Later in August 2009, The Minneapolis City Council voted 11-2 to keep the potential charter amendment off the ballot. The charter amendment proposed giving taxation powers to the Park Board.¹²³ A Hennepin judge later upheld the City Council's decision, stating that only the state legislature has the constitutional authority to create a 'state government unit,' which the ballot question proposed doing.¹²⁴ This proposal was partially in response to another measure that did not make it on to the ballot – one that would eliminate the Board of Estimate and Taxation (BOE). Park Board supporters feared that if the BOE was eliminated, it would give the City Council too much power over taxing authority.

Election Results

Over the past decade, Minneapolis voters have not had the opportunity to decide on any city referenda by which to gauge their support for public spending. The closest came in November 2014 where 65 percent of voters approved a charter amendment increasing the filing fees for candidates seeking city elected offices.

Minneapolis voters have supported the last two statewide finance issues;

In November 2008, 25-year, Constitutional Amendment dedicating a three-eighths of one percent sales tax increase for natural resource protection and arts (Legacy Amendment). The measure passed in the city with 78 percent support and statewide with 56 percent;

In November 2006, a motor vehicle tax on new and used vehicles to be used for public transit assistance and highway purposes, was approved by Minneapolis voters with 69 percent support and statewide with 60 percent support.

Minneapolis ward and precinct results for the Legacy Amendment are located in Appendix A

Since 2000, there has only been one general obligation bond referendum for the City of Minneapolis. On November 7, 2000, Minneapolis voters approved a \$140 million referendum for a new Central Library and improvements to all 14 community libraries. The question, passed with 67 percent support was as follows:

*NEW MINNEAPOLIS CENTRAL LIBRARY AND COMMUNITY PUBLIC LIBRARY
IMPROVEMENTS FINANCING*

¹²¹ Brandt, Steve. "Petition to place Minneapolis parks proposal on fall ballot moves ahead," Minneapolis Star-Tribune August 18, 2009. Accessed August 12, 2015, <http://www.startribune.com/petition-to-place-minneapolis-parks-proposal-on-fall-ballot-moves-ahead/53625192/>.

¹²² Williams, Brandt. "Group pushes for Mpls Park Board to be independent," Minnesota Public Radio. Aug. 10, 2009. Accessed August 12, 2015, <http://www.mprnews.org/story/2009/08/10/parkboard>.

¹²³ Hugill, Allison. "Court sides with city in park board battle," Minnesota Daily. September 10, 2009. Accessed August 12, 2015, <http://www.mndaily.com/2009/09/10/court-sides-city-park-board-battle>.

¹²⁴ <http://www.southwestjournal.com/node/14364>

Shall the City of Minneapolis be authorized to finance public library improvements, including the repair, renovation and expansion of community libraries and the construction of a new Central Library, by issuing general obligation bonds in an amount not to exceed Thirty Million Dollars (\$30,000,000) for the community library improvements and One Hundred Ten Million Dollars (\$110,000,000) for the new Central Library for a total amount of One Hundred Forty Million Dollars (\$140,000,000), payable over a period of up to 30 years?

The maximum annual amount of the increased tax levy for debt service on the bonds is 0.06% of market value, and the amount that will be raised in 2003, the first year, is estimated to be \$450,000.

BY VOTING YES ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

In November 2014, Minneapolis voters overwhelmingly supported Minnesota Democratic–Farmer–Labor Party Governor Mark Dayton with 78 percent support. He garnered 50 percent support statewide. Minneapolis also supported current U.S. Senator Al Franken 81 percent support.

In 2008, Minneapolis Public Schools voters overwhelmingly approved a referendum to levy \$60 million a year for eight years, doubling the district’s property tax rate.¹²⁵

Recent Park Measures

In November 2011, Duluth voters approved a levy increase to fund parks and trails. This measure is discussed in detail earlier in the report.

In November 2012, The City of Cottage Grove placed two separate questions on the ballot seeking bonds. Both measures failed. One was a \$6.5 million bond to fund the acquisition and betterment of a family aquatic center. The other was a \$7 million bond to finance the acquisition and betterment of a youth play center, and the expansion and betterment of a park.

In February 2014, South St. Paul voters approved a \$10.1 million bond for park improvements and upgrades to an arena. Ballot language for this public question is included in the appendix.

CONCLUSION

Analysis indicates there are two main options for the Park Board to consider that would provide new funding for the development, repair, and improvement of parks in the city. These are a levy and property tax rate increase or a general obligation bond.

Before making any clear recommendations, TPL recommends conducting a public opinion survey to gauge voter support for the funding mechanisms outlined here and priorities for program spending. The information on funding levels provided in this study should be utilized in developing survey questions.

¹²⁵ Thomas, Dylan. “District levy, school board to grow,” Southwest Journal. November 17, 2008. Accessed August 12, 2015, <http://www.southwestjournal.com/node/12754>

APPENDICES

Appendix A: Clean Water, Land and Legacy Amendment, Minneapolis Precinct Results, November 2008

Note: The measure passed in all precincts with at least 60 percent support. Citywide, it passed with 78 percent approval

Ward	Precinct	Yes	% Yes	No	% No
1	1	597	70%	257	30%
1	2	1674	71%	692	29%
1	3	1480	72%	568	28%
1	4	1305	72%	520	28%
1	5	1039	70%	448	30%
1	6	1488	76%	474	24%
1	7	949	82%	215	18%
1	8	618	70%	260	30%
1	9	1276	74%	451	26%
1	10	849	77%	254	23%
10	1	1716	87%	252	13%
10	2	1688	84%	319	16%
10	3	1285	81%	303	19%
10	4	952	85%	170	15%
10	5	662	87%	96	13%
10	6	1664	84%	328	16%
10	7	1307	83%	268	17%
10	8	1162	84%	221	16%
10	9	1126	82%	242	18%
10	10	1410	82%	300	18%
10	11	944	80%	234	20%
11	1	1831	79%	476	21%
11	2	1400	74%	501	26%
11	3	798	73%	296	27%
11	4	1146	77%	346	23%
11	5	1417	71%	578	29%
11	6	1419	68%	658	32%
11	7	1380	73%	522	27%

11	8	1983	73%	747	27%
Ward	Precinct	Yes	% Yes	No	% No
11	9	1423	68%	665	32%
12	1	1687	75%	552	25%
12	2	1568	74%	548	26%
12	3	1386	73%	506	27%
12	4	841	76%	260	24%
12	5	1523	73%	576	27%
12	6	969	72%	377	28%
12	7	203	82%	45	18%
12	8	2060	75%	698	25%
12	9	1073	70%	457	30%
12	10	869	66%	449	34%
12	11	1083	72%	417	28%
13	1	1354	75%	453	25%
13	2	1651	75%	542	25%
13	3	1520	78%	425	22%
13	4	1771	73%	656	27%
13	5	2109	73%	764	27%
13	6	1743	73%	629	27%
13	7	737	76%	229	24%
13	8	1261	71%	513	29%
13	9	1565	70%	667	30%
13	10	1368	71%	566	29%
2	1	1272	84%	240	16%
2	2	1597	79%	422	21%
2	3	1672	84%	312	16%
2	4	956	82%	204	18%
2	5	1639	83%	325	17%
2	6	832	82%	181	18%
2	7	1212	88%	163	12%
2	8	527	83%	110	17%
2	9	972	90%	109	10%
2	10	665	93%	48	7%
2	11	1746	83%	346	17%
3	1	1580	84%	301	16%
3	2	1380	85%	252	15%

3	3	1950	80%	502	20%
Ward	Precinct	Yes	%Yes	No	% No
3	4	1309	78%	370	22%
3	5	749	79%	204	21%
3	6	1608	78%	459	22%
3	7	808	76%	257	24%
3	8	593	80%	150	20%
3	9	482	77%	141	23%
4	1	996	72%	392	28%
4	2	710	71%	289	29%
4	3	727	71%	292	29%
4	4	1100	69%	484	31%
4	5	627	73%	234	27%
4	6	1141	75%	374	25%
4	7	846	69%	384	31%
4	8	1167	74%	413	26%
4	9	1129	77%	339	23%
4	10	640	77%	187	23%
5	1	1303	81%	308	19%
5	2	577	79%	151	21%
5	3	937	84%	175	16%
5	4	841	80%	205	20%
5	5	823	82%	177	18%
5	6	1253	85%	215	15%
5	7	736	87%	111	13%
5	8	422	81%	100	19%
5	9	337	77%	99	23%
5	10	467	81%	113	19%
6	1	436	84%	83	16%
6	2	2504	88%	335	12%
6	3	1873	89%	243	11%
6	4	2291	88%	311	12%
6	5	618	81%	147	19%
6	6	577	85%	103	15%
6	7	348	89%	43	11%
6	8	677	83%	134	17%
7	1	1401	78%	388	22%

7	2	1087	78%	306	22%
Ward	Precinct	Yes	% Yes	No	% No
7	3	1815	82%	404	18%
7	4	1094	77%	323	23%
7	5	1654	83%	334	17%
7	6	1426	73%	525	27%
7	7	1282	74%	455	26%
7	8	2248	78%	630	22%
7	9	939	75%	312	25%
7	10	1704	80%	428	20%
7	11	762	76%	246	24%
8	1	705	84%	138	16%
8	2	1162	85%	199	15%
8	3	722	84%	133	16%
8	4	693	83%	140	17%
8	5	1366	80%	337	20%
8	6	1608	83%	333	17%
8	7	1059	81%	248	19%
8	8	1265	81%	299	19%
8	9	967	77%	282	23%
8	10	1609	78%	445	22%
9	1	831	77%	254	23%
9	2	1219	76%	393	24%
9	3	490	85%	84	15%
9	4	659	85%	112	15%
9	5	955	85%	173	15%
9	6	1002	78%	277	22%
9	7	632	78%	180	22%
9	8	1422	80%	362	20%
9	9	1024	78%	296	22%
9	10	608	81%	145	19%
9	11	126	91%	12	9%

Appendix B: Successful Ballot Language

City of Andover, November 2006

PRESERVATION OF WATER, WILDLIFE AND NATURAL HABITAT AREAS

Shall the City of Andover, Minnesota, be authorized to issue its general obligation bonds in an amount not to exceed \$2,000,000 to finance the acquisition of land from willing sellers for the preservation of natural areas, water and air quality and wildlife habitat? Spending would be subject to an annual audit.

BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

This proposal would cost approximately \$8 per year for each \$100,000 in property value on most property types. The maximum amount of increased levy as a percentage of market value is .0078% and the maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is \$195,539.

The referendum passed 54% to 46%.

City of Plymouth, November 2006

Shall the City Council of the City of Plymouth, Minnesota be authorized to issue its general obligation bonds in an amount not to exceed \$9,000,000 for the purpose of acquiring land for open space, greenways, and parks.

NOTICE: BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE

The maximum amount of increased levy as a percentage of market value is .010376%.

The amount that will be raised by the new referendum tax rate in the first year it is levied is \$892,000.

The referendum passed 64% to 36%.

Washington County, November 2006

PRESERVATION OF WATER QUALITY, WOODLANDS, AND OTHER NATURAL AREAS

In favor of authorizing Washington County to issue general obligation bonds in one or more issues in an amount not to exceed \$20,000,000 to acquire and improve land and interests in land, for the purposes of improving water quality of rivers, lakes and streams; protecting drinking water sources; purchasing parklands; preserving wetlands and woodlands; and protecting land along water bodies from development, with spending reviewed by a citizens' advisory committee and subject to an annual audit?

BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

This proposal would cost approximately \$12 per year for ten years for each \$100,000 in property value on most property types. Agricultural land and noncommercial seasonal properties currently are exempt from the tax. The maximum amount of the increased tax levy as a percentage of market value would be 0.0111% and the maximum amount that would be raised by the new tax rate in the first year to be levied would be \$2,600,000.

The referendum passed 61% to 39%.

Dakota County, November 2002

PRESERVATION OF WATER, OPEN SPACE, NATURAL AREAS AND FARMLAND

Shall Dakota County be authorized to issue general obligation bonds in the amount of \$20,000,000 maturing over a term not to exceed ten years, to acquire and improve land and interests in land for the purposes of preserving and protecting water, open space, farmland and natural areas, with all spending reviewed in an annual public audit?

BY VOTING 'YES' ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

The maximum amount of the increased tax levy as a percentage of market value is 0.009887% and the amount that will be raised by the new tax rate in the first year to be levied (2003) is \$2,550,000.

The referendum passed 57% to 43%.

City of South St. Paul, February 2014.

City Question

Community Parks, Recreational and Athletic Facilities

Shall the City of South St. Paul, Minnesota be authorized to issue bonds in an amount not to exceed \$10.1 million to provide funding for the following park improvements:

1. The completion of the development of Kaposia Landing including four multi-use softball/youth baseball fields, a full-size baseball field, a performing arts area, picnic areas, two playground areas, and an expansion of the off-leash dog area, pursuant to the Parks Master Plan;
2. The conversion of McMorrow Field from baseball/softball fields into flat fields for soccer, football, lacrosse and other field sports and trail expansion, pursuant to the Parks Master Plan; and
3. Improvements to Wakota Arena, including renovating the locker rooms and restrooms, building an off-ice training area and community meeting rooms, and upgrading the efficiency of the mechanical systems.

-Yes

-No

BY VOTING "YES" ON THIS QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

Appendix C: Local Conservation Finance Measures 1990-2015

Minnesota Local Conservation Finance Measures (1990 - 2015)					
Jurisdiction Name	Date	Finance Mechanism	Conservation Funds Approved	Status	% Yes
Eagan	11/4/2008	Bond		Fail	47%
Mendota Heights	4/24/2007	Bond	\$2,790,000	Pass	54%
Andover	11/7/2006	Bond	\$2,000,000	Pass	54%
Plymouth	11/7/2006	Bond	\$9,000,000	Pass	64%
Sartell	11/7/2006	Bond	5000000	Pass	83%
Tofte	6/13/2006	Bond	\$160,000	Pass	79%
Washington County	11/7/2006	Bond	20000000	Pass	61%
Eden Prairie	11/8/2005	Bond	\$2,000,000	Pass	58%
Woodbury	11/8/2005	Bond	\$6,000,000	Pass	65%
Eden Prairie	5/11/2004	Bond		Fail	43%
Wayzata	11/4/2003	Bond	\$3,135,000	Pass	52%
Dakota County	11/5/2002	Bond	\$20,000,000	Pass	57%
Minnetonka	9/11/2001	Bond	\$7,500,000	Pass	52%
Blaine	11/7/2000	Bond	\$3,500,000	Pass	54%
North Mankato	11/7/2000	Bond		Fail	50%
Washington County	11/7/2000	Bond		Fail	48%
Savage	11/2/1999	Bond	\$1,000,000	Pass	51%
Woodbury	6/2/1998	Bond	\$5,000,000	Pass	74%
Chanhassen	6/14/1997	Bond	\$1,755,000	Pass	62%
Prior Lake	2/25/1997	Bond	\$1,175,000	Pass	52%
Eagan	9/10/1996	Bond		Fail	38%
Maple Grove	6/20/1995	Bond	\$5,000,000	Pass	65%
Plymouth	5/23/1995	Bond	\$2,235,000	Pass	85%
Eden Prairie	5/24/1994	Bond	\$1,950,000	Pass	85%
Woodbury	6/4/1994	Bond	\$1,200,000	Pass	52%
Maplewood	11/2/1993	Bond	\$5,000,000	Pass	54%

Appendix D: 2008 Proposed Charter Amendment

The Minneapolis Park and Recreation Board shall be a separate and independent governmental unit of the state of Minnesota with an elected board of commissioners. The Park and Recreation Board shall preserve and protect park land, lakes and open spaces as a public trust forever and shall have all the powers and rights of a separate and independent governmental unit of the state as determined by the state legislature. The Mayor of Minneapolis shall have the right to veto the Park and Recreation Board's legislative actions and budget, subject to the ability of Park Board to override a veto by a two-thirds (2/3rds) vote.

Appendix E: Duluth Parks Referendum

Should Chapter 2 of the Duluth City Code, 1959, as amended, be amended to create a fund denominated as the "Parks Fund" and should the city levy a special levy in the amount of \$2,600,000 on the referendum market value of all real property in the city, said levy being 0.0472654% of said referendum market value, for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010, in accordance with the authority contained in Laws of Minnesota, 1953, Chapter 560, Section 1? A "YES" vote is in favor of creating the Parks Fund and authorizing a special levy for the purpose of providing a dedicated funding source for parks and recreation facilities, recreation activities, and for implementation of the concepts addressed in the Duluth Parks and Recreation Master Plan dated December 2010. BY VOTING "YES" ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE. A "NO" vote is a vote against creating the Parks Fund and against a special levy to support it.

Appendix F: Timeline for 2014 Municipal Filing Fee Charter Amendment

Timeline for Proposed Charter Amendment: Municipal Filing Fees

TIMELINE FOR ADMINISTRATIVE APPROVAL [Unanimous Vote by Council & Mayoral Approval] *****	TIMELINE FOR REFERENDUM [Submission to Voters for General Election] *****
<p>MAY 5 = Charter Commission conducted public hearing on proposed amendment. Proposal transmitted to City Council, referred to IGR Committee. [Minn. Stat. § 410.12, subd. 7]</p> <p>JUN 5 = IGR Committee conducts public hearing on proposed amendment.</p> <p>JUN 13 = City Council acts on the proposal; passage requires a unanimous (13-0) vote.</p> <p>JUN 18 = Mayor approves or vetoes proposal: if approved, submitted to City Clerk for publication; if vetoed, proposal fails.</p> <p>JUN 21 = Ordinance (proposal) is published.</p> <p>JUL 22 = Last day for protest period; valid petition protesting adoption of new filing fees requires signatures by registered voters equal in number to 5% of the number of registered voters in the city or 2,000 registered voters, whichever is less.</p> <p><i>JUN 27 = Final date for action by City Council on the proposed amendment, per statute.</i></p>	<p>MAY 5 = Charter Commission conducted public hearing on proposed amendment. Proposal transmitted to City Council, referred to IGR Committee.</p> <p><i>[If IGR/City Council fails to achieve unanimous vote]</i></p> <p>JUL 2 = Charter Commission formulates ballot question on filing fee proposal and refers to City Council (IGR) for approval.</p>
<p><i>JUL 2 = Mayor acts on proposal (same above).</i></p> <p><i>JUL 5 = Ordinance (proposal) is published.</i></p>	<p><i>JUL 8 = Last day for Charter Commission to submit ballot questions, 17 weeks prior to date of General Election. [Minn. Stat. § 410.12, subd. 1]</i></p>
<p>AUG 5 = Last day for protest period; valid petition protesting adoption of new filing fees requires signatures by registered voters equal in number to 5% of the number of registered voters in the city or 2,000 registered voters, whichever is less.</p>	<p>JUL 10 = IGR Committee may recommend affirmative action on ballot question as submitted by Charter Commission, or may substitute its own ballot language for consideration by City Council.</p> <p>JUL 18 = City Council acts on proposed ballot question by majority vote (7). The Council can approve the original ballot question submitted by the Charter Commission or the substitute question recommended by IGR, but cannot make any other or further changes.</p>
<p>JAN 2 = New filing fees become effective.</p>	<p>JUL 23 = Mayor approves or vetoes the action; if approved, submitted to City Clerk for publication; if vetoed, returned to Council for possible over-ride (two-thirds vote).</p> <p>JUL 26 = Resolution submitting ballot question is published.</p> <p>AUG 22 = Final date for City Clerk to submit ballot question (74 days before election) to the County Auditor. [Minn. Stat. 205.16, subd. 4]</p> <p>NOV 4 = 2014 General Election. [Passage requires affirmative action of 51% of all voters who vote on the ballot question.]</p> <p>JAN 2 = New filing fees become effective.</p>

Appendix G: Minneapolis Sales Tax

Local governments are generally prohibited by statute from imposing sales taxes. Nevertheless the legislature has authorized, through special legislation, a number of local sales taxes. These local taxes have differed significantly in their characteristics and administration. In 1997, the legislature adopted model statutory language regarding imposition and administration of new and existing local sales taxes. In 2008, counties were granted statutory authority to impose local sales taxes to fund transportation projects. Hennepin County currently levies a .15 percent sales tax which helps fund Target Field, home of the Minnesota Twins. Due to time constraints, the legislature authorized the county to bypass a referendum which is required by state statute.

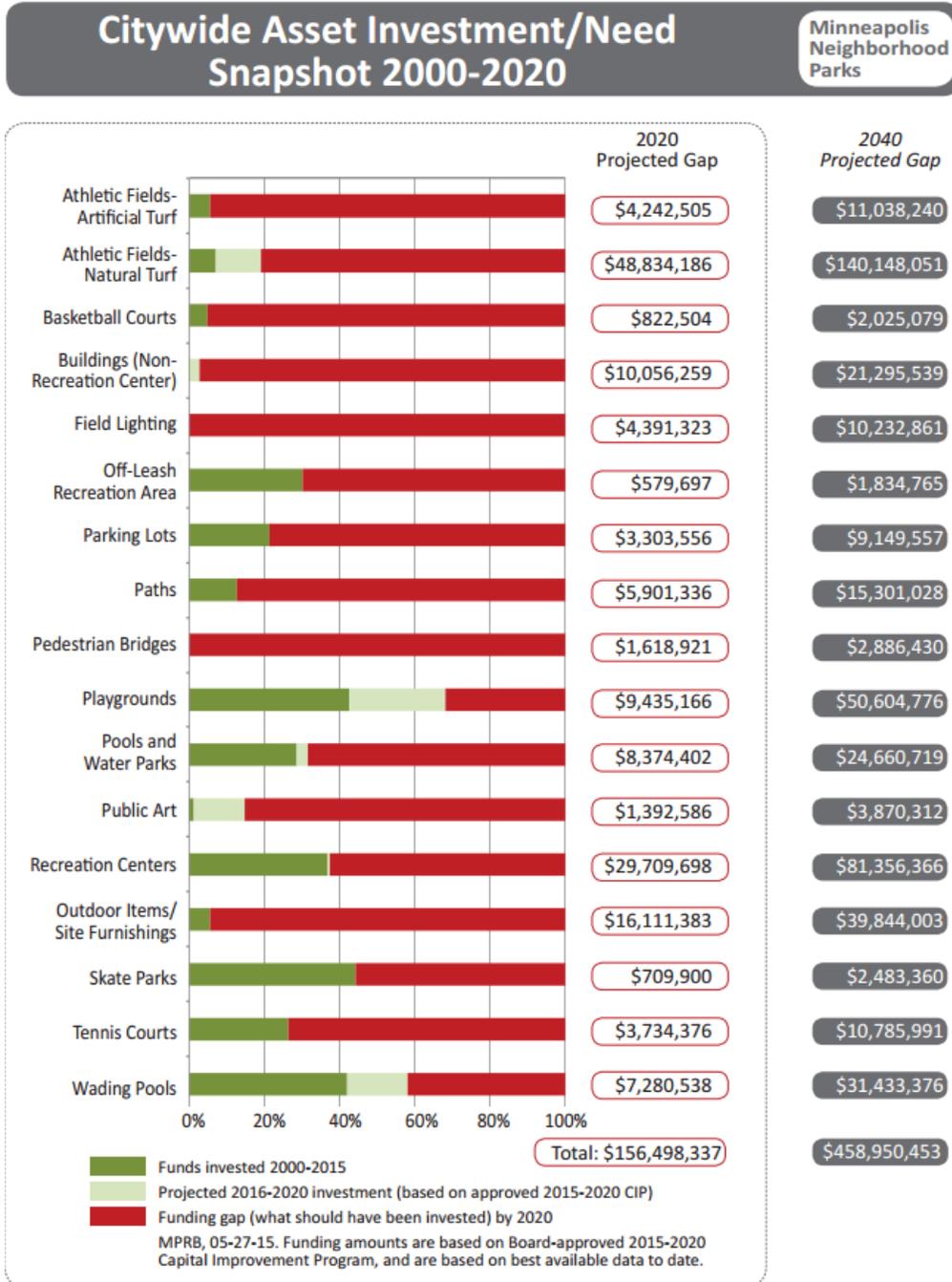
In order to impose a local sales tax, a political subdivision must obtain enactment of a special law authorizing it to do so by taking the following steps (in the order listed):

1. The governing body of political subdivision must pass a resolution proposing the tax stating (at least) the: a. Proposed tax rate, b. Amount of revenue to be raised and its intended uses, and c. Anticipated date that the tax will expire.
2. The proposed tax, then, must be submitted to and passed by the majority of the voters at a general election held at least 90 days after the resolution was passed. The political subdivision may not expend money to advertise or promote the tax.
3. The political subdivision must request and get enacted a special law authorizing imposition of the tax.
4. The political subdivision must file local approval with the secretary of state. 5. The political subdivision must pass an ordinance imposing the tax and notify the Commissioner of Revenue at least 90 days before the first day of the calendar quarter on which the tax is to be imposed.

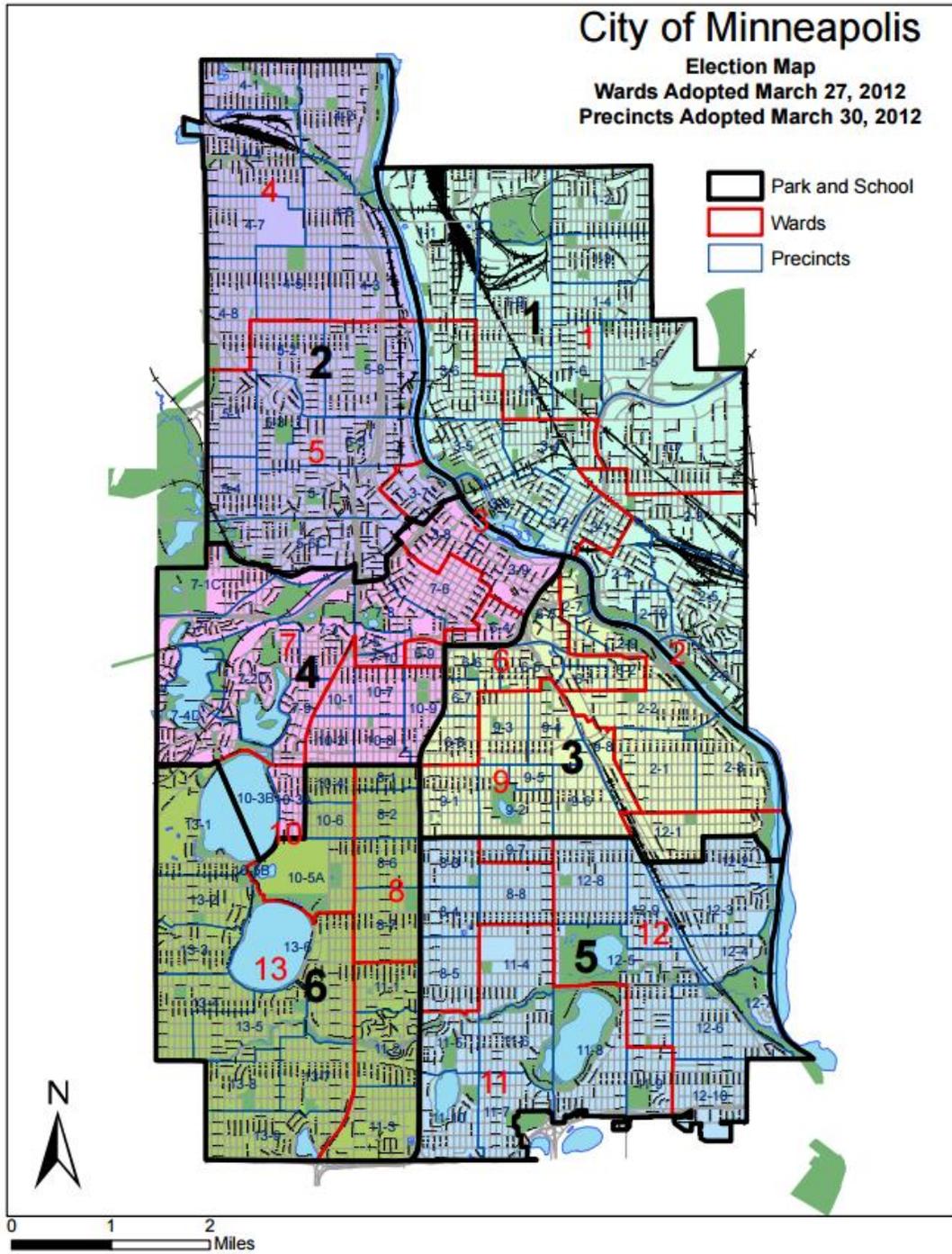
In 1986, the Minneapolis Board of Estimate and Taxation approved a .5 percent sales tax to fund construction and maintenance of the convention center. In 1992 the city was authorized to use excess proceeds for neighborhood early learning centers but the city has not done so. The tax expires when all bonds are paid off. In 2009, the use of the revenue was modified to allow the city to use revenues collected in excess of the convention center bond payments for other city purposes. For CY 2009 and 2010, the excess revenues could be used for any purpose. Beginning in CY 2011, the excess revenues could only be used to fund capital projects to further economic development. In 2012, the tax was extended to 2046 without a referendum to help fund the city's share of a new football stadium. Beginning in 2021, when the current convention center bonds are paid off, the state will annually retain a portion of the city's sales tax revenues to reimburse it for the city's share of the stadium costs. Excess revenue not needed to pay off the convention center bonds or the football stadium may be used to support a basketball arena as well as fund other economic development capital projects in the city. Several jurisdictions in Minnesota have used this authority for parks and recreation, including Bemidji (2005), North Mankato (2008), and most recently Cloquet.¹²⁶

¹²⁶ Excerpted <http://www.house.leg.state.mn.us/hrd/pubs/localsal.pdf>

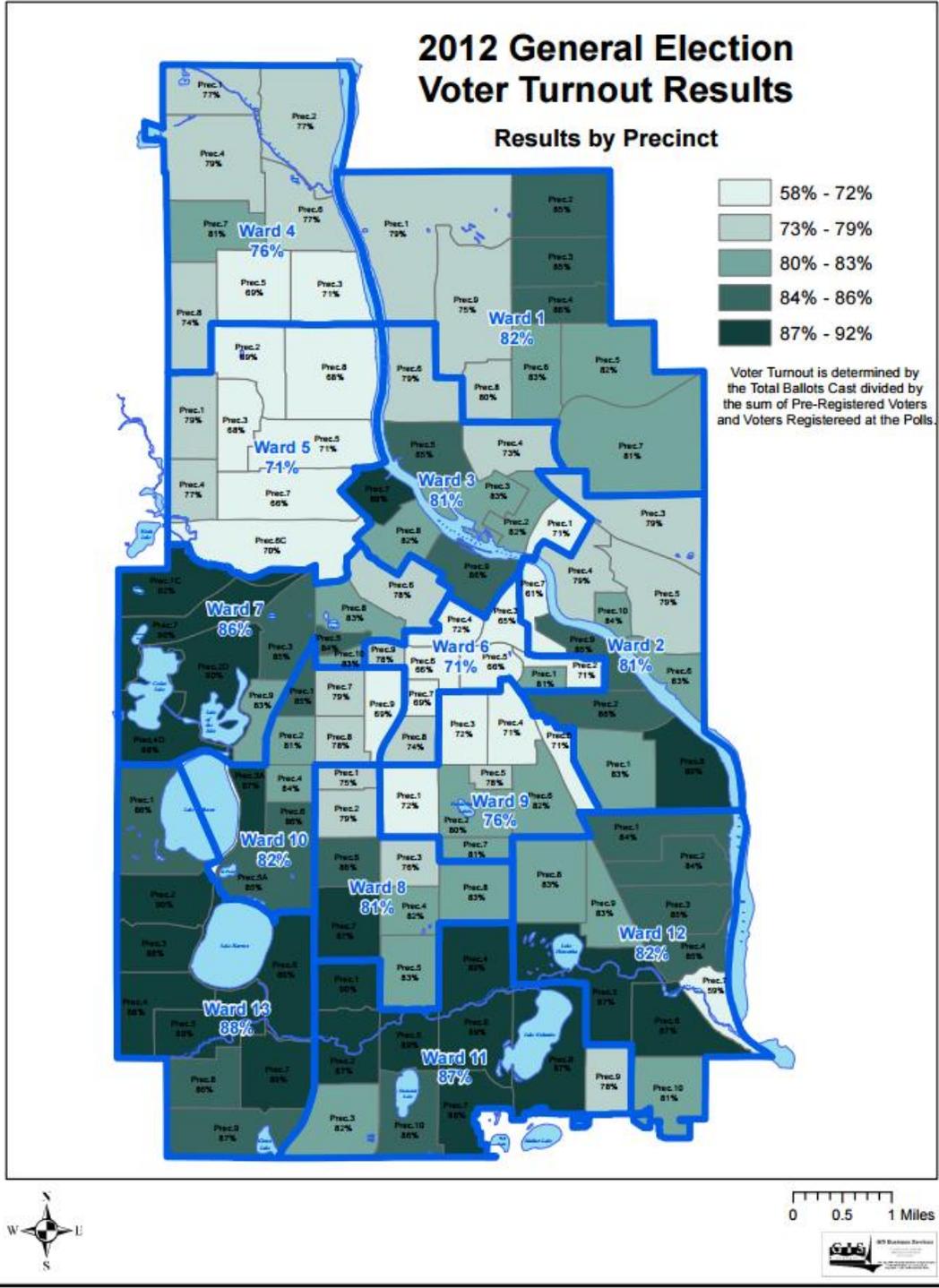
Appendix H: Citywide Existing Neighborhood Asset Needs



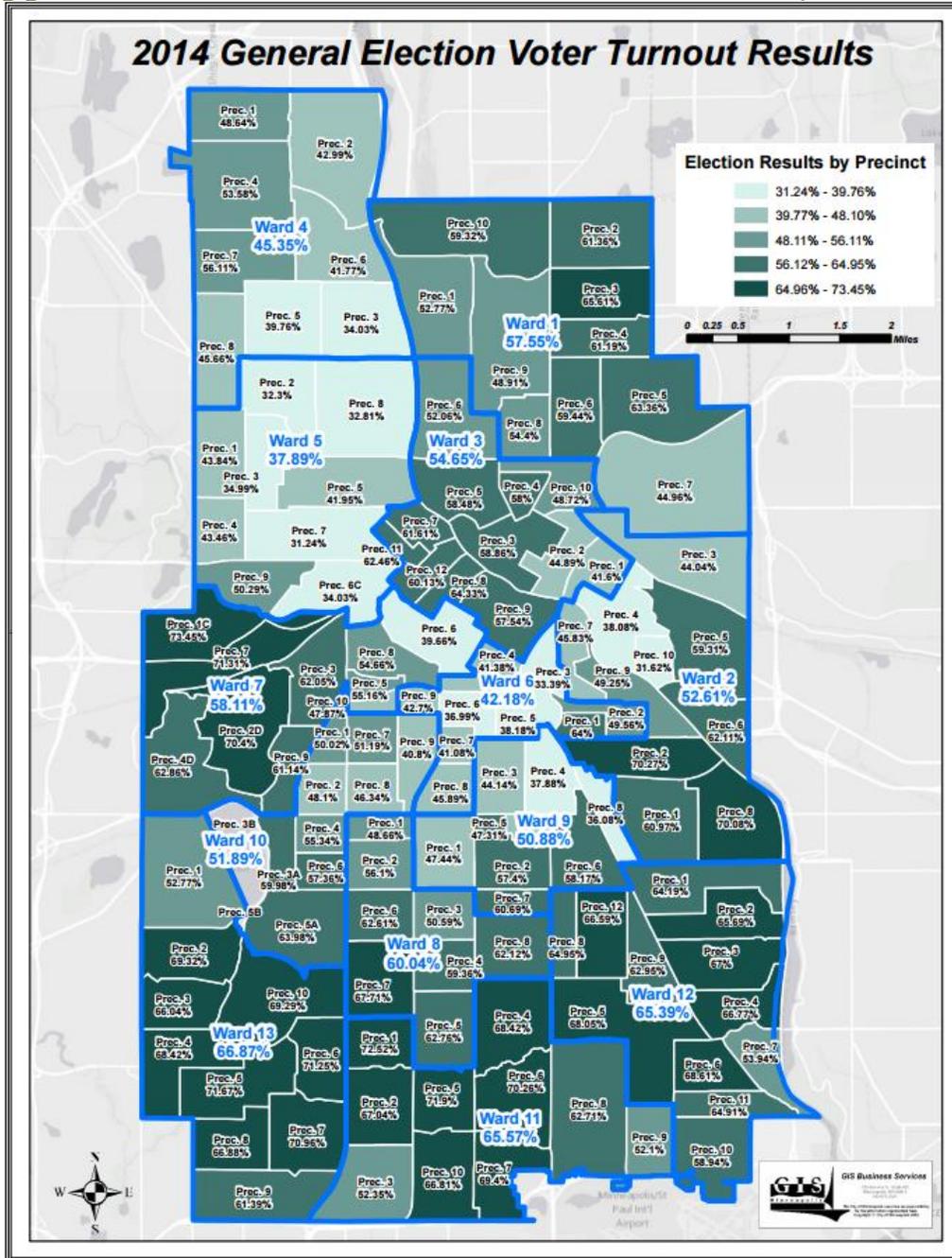
Appendix I: Election Map by Precinct, Ward and District



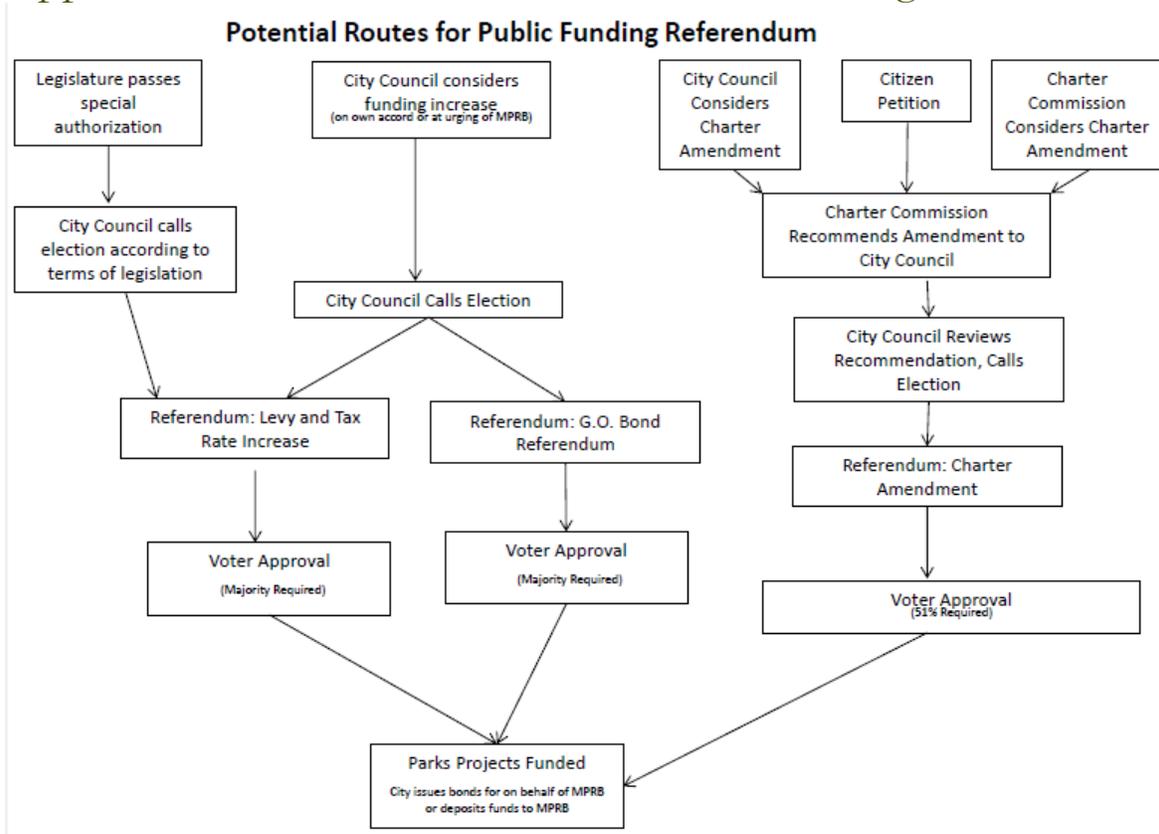
Appendix J: November 2012 Voter Turnout by Precinct



Appendix K: November 2014 Voter Turnout by Precinct



Appendix L: Potential Routes for Public Funding Referendum



Appendix M: Special Laws Pertinent to Park Board – Non Referendum

The Laws of Minnesota for 1993, Ch. 375, Art. 7 include revisions to a tax levy for park improvement fund, tax levy for park and recreation facilities, and a tax levy for a parks and parkways maintenance fund.

Section 1. Minneapolis, city of; park improvement fund; tax levy. The board of park commissioners of the City of Minneapolis may create a park improvement fund to be maintained by an annual tax levy on the real and personal property of the city. The amount of any such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitation on the amount of levies for this purpose.

Sec. 23. Laws 1971, chapter 373, section 1, is amended to read: Section 1. MINNEAPOLIS, CITY OF; TAX LEVY FOR PARK AND RECREATION FACILITIES. Subdivision 1. The park and recreation board of the city of Minneapolis may levy annually on the real and personal property of the city a tax for the purpose of acquiring, equipping, improving, maintaining, operating, and governing parks, parkways, playgrounds and other recreational facilities, and conducting recreational programs for the public use.

Sec. 24. Laws 1971, chapter 373, section 2, is amended to read: Sec. 2. Any levy under this act shall be in addition to any levy now authorized for any of such purposes by the charter of the city or by Laws 1969, Chapter 592; the amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city. All taxes so levied shall be certified to the county auditor on or before September 1_ each year, and shall be collected with, and the payment thereof enforced, in the same manner as the general tax and with like penalties and interest.

Sec. 25. Laws 1971, chapter 455, section 1, is amended to read: Section 1. MINNEAPOLIS, CITY OF; PARKS AND PARKWAYS; MAINTENANCE FUND; CREATION OF FUND, TAX LEVY. The park and recreation board of the city of Minneapolis may create a park rehabilitation and parkway maintenance fund to be maintained by an annual tax levy on the real and personal property of the city. The amount of any such levy shall be subject to the supervision of any fiscal control -agency» which is now or hereafter provided in the charter of any such city, but is not subject to any charter limitations on the amount of levies for this purpose.

The Laws of Minnesota for 1974 includes revisions to a 1969 special session law establishing a Tree Preservation and Reforestation Fund.

Section 1. Laws 1969, Chapter 593, Section 3, is amended to read: Sec. 3. MINNEAPOLIS, CITY OF; TREE PRESERVATION AND REFORESTATION FUND. Notwithstanding any provision of the charter of the city of Minneapolis or any other statute, the park and recreation board of the city of Minneapolis is hereby authorized and empowered, in addition to all other powers by it now possessed, to establish a fund to be known and designated as the "Tree Preservation and Reforestation Fund" which shall be kept distinct from all other funds of the city and park and recreation board. Said fund shall be in lieu of existing tax levies for the planting, caring for, maintenance and removal of trees and

shrubbery and shall be used for the accomplishment of the purposes enumerated in section 1 On or before the tenth day of October, 1974 , and annually thereafter, the governing body of the park and recreation board may levy on the real and personal property of the city a tax not exceeding .933 mills on each dollar of the assessed valuation of the city. The amount of such levy shall be subject to the supervision of any fiscal control agency which is now or hereafter provided in the charter of any such city.

Sec. 2. This act shall become effective upon the approval by a majority of the governing body of the park and recreation board of the city of Minneapolis, and upon compliance with the provisions of Minnesota Statutes. Section 645.021.

Appendix N: Bond Referendum Financing Costs – 30 Year Bond

Minneapolis Referendum Bond Financing Costs				
<i>Assumes 30-year bond at 4.0% interest rate; Net Tax Capacity = \$360.7 million.*</i>				
Bond Issue	Annual Debt Svce	Prop Tax Increase	Cost/ Year/ \$100K Home	Cost/ Ave./ Homeowner**
\$10,000,000	\$578,301	0.1603	\$1.20	\$2.85
\$15,000,000	\$867,451	0.2405	\$1.79	\$4.28
\$20,000,000	\$1,156,602	0.3207	\$2.39	\$5.70
\$30,000,000	\$1,734,903	0.4810	\$3.59	\$8.55
\$50,000,000	\$2,891,505	0.8016	\$5.98	\$14.25
\$75,000,000	\$4,337,257	1.2025	\$8.97	\$21.38
\$100,000,000	\$5,783,010	1.6033	\$11.97	\$28.50
\$125,000,000	\$7,228,762	2.0041	\$14.96	\$35.63
\$150,000,000	\$8,674,515	2.4049	\$17.95	\$42.75

** Based 2015 Assessment Report Hennepin County Assessor's Department*
***Based on median home market value of \$191,000. Source: Hennepin County Assessor's Office.*

Appendix O: Previous Ballot Language for Levy Increases

2008 Measures:

MCLEOD

City Question 1 (City of Hutchinson-055)

QUESTION ON LEVY OF AN ADDITIONAL TAX LEVY FOR MOSQUITO ABATEMENT

Shall the City of Hutchinson be authorized to levy an additional tax levy under Minnesota Statutes, Section 275.73 for mosquito abatement purposes in the levy years 2009, 2010, 2011, and 2012 in a maximum yearly amount of \$35,000.00? BY VOTING "YES" ON THIS BALLOT QUESTION YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

STEARNS

City Question 1 (City of Rockville-208)

PROPERTY TAX LEVY FOR ROAD IMPROVEMENT PROJECTS

Shall the City of Rockville, Minnesota, be authorized to levy property taxes in the amount of \$100,000 per year in each of the years 2009 and 2010 to defray the expense of the acquisition and betterment of road improvement projects? The maximum amount of increased levy as a percentage of market value is 0.03213%. The maximum amount that would be raised by the new referendum tax rate in the first year if it were to be levied is \$100,000. BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR A PROPERTY TAX INCREASE.

2004 Measures:

City of Carlton Ballot Question, 2004

"SHALL THE CITY OF CARLTON CONTINUE TO OPERATE A PUBLIC LIBRARY?"
THE COUNCIL OF THE CITY OF CARLTON HAS PROPOSED TO INCREASE ITS TAX LEVY FOR GENERAL CITY PURPOSES BY \$13,443; AND HAS PROPOSED AN ADDITIONAL TAX LEVY INCREASE OF \$20,115 FOR CONTINUANCE OF PUBLIC LIBRARY SERVICES. BY VOTING "YES" ON THIS BALLOT QUESTION, YOU ARE VOTING FOR AN ADDITIONAL PROPERTY TAX INCREASE.

For any questions or more information please contact:

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