

RESOLUTION

By B. Johnson, Glidden, Quincy, Goodman, Reich, Palmisano, and Cano

Approving a Neighborhood Park and Street Infrastructure Plan and Directing the Finance Officer and City Attorney to Prepare and Present to the City Council an Ordinance to Implement the Plan

Whereas, since the earliest beginnings of the City of Minneapolis and the creation of the Minneapolis Park & Recreation Board (the "MPRB") in 1883, parks and open spaces have been a shared community and civic value, with the park system constituting one of the most cherished and defining features of what is Minneapolis; and

Whereas, because of the leadership of the MPRB and the support given by the City of Minneapolis (the "City"), parks have developed over six generations to serve the public need for parks and recreation and in that time Minneapolis parks have been repeatedly recognized nationally as one of the very best park systems in the United States; and

Whereas, the MPRB has identified a significant financial gap for necessary maintenance, rehabilitation and capital improvements to the Minneapolis neighborhood park system; and

Whereas, the City and the MPRB, working in partnership, have developed a financial plan to close the neighborhood parks funding gap and desire to memorialize the plan in concurrent ordinances (the "Neighborhood Park Plan"); and

Whereas, the City has also identified a significant financial gap in necessary street paving, maintenance, rehabilitation and repairs; and

Whereas, the City has developed a financial plan to close the financial gap in street infrastructure (the "Street Infrastructure Plan"); and

Whereas, applying principles of sound fiscal management, a financing plan has been developed for these two initiatives to manage the impact on City taxpayers; and

Now, Therefore, Be It Resolved by the City Council of the City of Minneapolis as follows:

1. The Finance Officer and City Attorney are directed coordinate with the Superintendent and Attorney for the MPRB to prepare an ordinance to implement the Neighborhood Park Plan and the Street Infrastructure Plan as described herein.
2. The ordinance will be effective for years 2017 through 2036. The MPRB will pass a concurrent ordinance that contains the provisions related to the Neighborhood Park Plan while the City ordinance will contain provisions that relate to both the Neighborhood Park Plan and the Street Infrastructure Plan.
3. The expenditure commitments made under the Plan are understood to result in the annual levy impacts described in the Appendix, and are supplemental to the future levies already anticipated in the Five Year Financial Direction to fund current service levels and commitments.
4. The identified levy impacts assume only the future use of sources outlined in the Appendix. Any alterations to those projected levies not outlined in this Plan will be identified during the annual

budget process and incorporated into the City's Five Year Financial Direction. In such a case, the Appendix will be amended accordingly.

5. The Street Infrastructure Plan sections of the ordinance will include the following elements:
 - (a) Beginning in 2017 and continuing for the term of the plan, the City will provide a guaranteed minimum annual amount of funding for city street capital projects. The capital projects will be identified in the City's annual five-year Capital Improvement Program process, as amended from time to time. The guaranteed minimum annual amount will be increased by \$21.2 million per year for street paving.
 - (b) Beginning in 2017, the City will increase the base budget of the Public Works Department by an additional \$800,000 for ongoing street maintenance.
 - (c) The City will adjust its capital commitment for streets annually based on the objective measures and salient factors set out in 6.(e).
 - (d) The Public Works Director will, prior to the City's adoption of the 2017 budget, a public presentation to the City Council a report outlining the proposed project schedule, including its utilization of a criteria based system with a focus on racial and economic equity to determine equitable distribution of funding and the impact to the overall operating costs.
 - (e) The Public Works Director will, on an annual basis, present to the City Council an annual report outlining:
 - (i) The current status of all projects in the five year capital plan, including its utilization of a criteria based system with a focus on racial and economic equity to determine equitable distribution of funding.
 - (ii) A summary of projects undertaken during the previous year and that will be undertaken in the following year and impact to the overall operating costs for the projects undertaken.

6. The Neighborhood Park Plan sections of the ordinance will include the following elements:
 - (a) The financial resources provided to the MPRB under the plan will be used exclusively to fund the "Neighborhood Park System," which is defined as those parks that (i) are owned, operated and maintained or owned and maintained by the MPRB, (ii) are generally less than 2 blocks in size, but can be larger, and (iii) are neither designated as part of the Metropolitan Council System of Regional Parks and Trails nor part of any of the MPRB's golf courses.
 - (b) The City will provide the MPRB with \$1.5 million in start-up funds on or about January 1, 2017 to be invested in capital improvements to, rehabilitation of, or operating expenses relating to the Neighborhood Park System.
 - (c) The City will recommend that the Board of Estimate and Taxation ("BET") increase the adopted base 2016 MPRB Park and Recreation Tax Levy amount of \$52,583,000 by \$3 million in 2017. The MPRB and City Council expect that their members on the BET will vote affirmatively for this increase. It is the intent of the parties that this increase, which equates to approximately 1% of all City tax levies for 2016, will remain in effect for the duration of the plan and be used to increase funding for general operations of the Neighborhood Park System and not to supplant other operations funding for the Neighborhood Park System.
 - (d) Beginning in 2017 and continuing for the term of the plan, the City will provide the MPRB with a guaranteed minimum annual amount of funding for Neighborhood Park System rehabilitation and capital projects ("Neighborhood Park Projects"). The MPRB capital projects will be identified in the City's annual five-year Capital Improvement Program

process, as amended from time to time. The guaranteed minimum annual amount will be \$10.5 million per year (the current \$2.5 million per year appropriated through the regular City bonding process plus \$8 million per year in additional funds), the form of which will be some combination of levy, cash or bond proceeds at the discretion of the City.

- (e) The City and the MPRB will review for renewal and adjust the guaranteed minimum annual amount every five years based on a mutually agreeable objective measure of inflationary costs and other salient factors on or before December 15, 2020, December 15, 2025, and December 15, 2030. Examples of objective measures of inflationary costs and other salient factors will be set forth in the MPRB and City concurrent ordinances. The 2020, 2025, and 2030 adjustments will be approved by concurrent resolutions of the City and the MPRB. Any adjustment approved in 2020 will be effective for years 2022 through 2026. Any adjustment approved in 2025 will be effective for years 2027 through 2031. Any adjustment approved in 2030 will be effective for years 2032 through 2036. The expenditure of the guaranteed minimum funding of \$10.5 million and future adjusted annual amounts shall be under the sole control of the MPRB, but must be used for Neighborhood Park Projects.
- (f) The MPRB and the City acknowledge and agree that each needs to be able to address future unanticipated critical needs such as the occurrence of natural disasters, disease, and acts of god (“Unanticipated Critical Needs”) and exigent economic events such as state-imposed levy limits, decreased market value for tax capacity purposes, changes in the state’s property tax classification system and other potentially impactful events (“Exigent Economic Events”) and the ordinance will not preclude the City and MPRB from addressing such Unanticipated Critical Needs and Exigent Economic Events in managing their respective fiscal obligations. For any applicable year within the 20 year period of this financing plan, the City Council may determine that the occurrence of an Unanticipated Critical Need or Exigent Economic Event prevents the City from maintaining the agreed upon level of support to the MPRB for that applicable year. Such City Council determination and the amount of funding less than the \$10.5 million or less than a subsequent approved adjustment amount must be set forth in an amendment to the ordinance for that applicable year.
- (g) “Unanticipated Critical Needs” means natural disasters, diseases, acts of god and similar occurrences that place extraordinary demands on City resources.
- (h) “Exigent Economic Events” means decreased market value for tax capacity purposes, changes in the state’s property tax classification system, changes in pension obligations or other events that impact the City’s ability to raise revenues through taxation or other means.
- (i) The MPRB will make a public presentation to the City Council prior to the City’s adoption of its 2017 budget a report outlining its proposed five year project schedule for the Neighborhood Park plan, including its utilization of a criteria based system with a focus on racial and economic equity to determine equitable distribution of funding and the impact to the overall operating costs of the MPRB.
- (j) In each subsequent year for the duration of the Neighborhood Park Plan, the MPRB will update their five year planning process and make a public presentation to the City Council with a report outlining:
 - (i) the current status of all projects in the five year plan including its utilization of a criteria based system with a focus on racial and economic equity to determine equitable distribution of funding (on a rolling basis with the end point of 2036); and

- (ii) a summary of projects undertaken during the previous year and that will be undertaken in the following year and impact to the overall operating costs for the projects undertaken by the MPRB.
 - (k) The Neighborhood Park Plan is intended for the duration of the plan to be a substitute for any levy referenda, charter amendments or other ballot measures to provide additional funding for the MPRB outside of the existing annual levy and City capital budget processes; provided, however, that should the City consistently (at least three consecutive years) exercise its right under the ordinances to significantly reduce or suspend rehabilitation or capital funding for the MPRB, or should the MPRB fail to spend the funds in accordance with the Neighborhood Park Plan provisions or fail to make the public presentations to the City neither party will thereafter have any further obligations under the Neighborhood Park Plan concurrent ordinances;
7. It is further understood:
- (a) The City will continue to provide the MPRB with 11.79% of the annual amount of Local Government Aid funds that are awarded to the City each year, and MPRB levy inflationary increases will not exceed the City levy inflationary increases, irrespective of the Neighborhood Park Plan;
 - (b) The MPRB will continue to pay to the City the City's administrative and benefit administration fees, as amended from time to time, with a mutually agreed upon cost allocation methodology, at rates proportionate to the rates the City applies to its own operations, irrespective of the 20 Year Neighborhood Park Plan; and
 - (c) The MPRB will retain its authority, as provided in the City Charter and State law, to request a maximum property tax amount and rate from the BET and to adopt an annual property tax levy within the maximum set by the BET, irrespective of the 20 Year Neighborhood Park Plan.