
Minneapolis Park & Recreation Board
Board of Estimate & Taxation Presentation
September 14, 2016



Budget History



General Fund Revenues

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

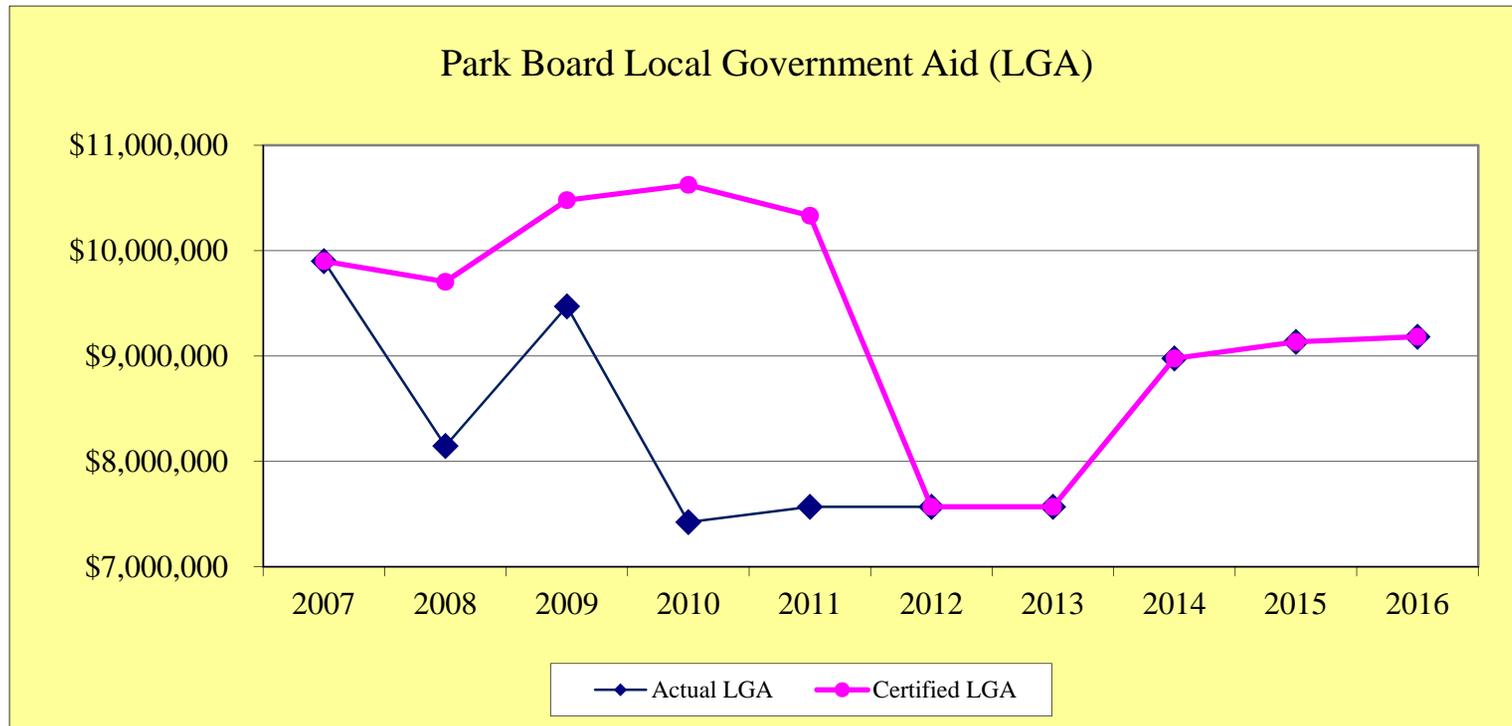
Property Tax

- The Park Board property tax levy has increased an average of 3.6 percent annually for the past ten years, including the Tree Preservation and Reforestation Levy, which was reinstated in 2014.

Park Board Property Tax Levy (in millions)										
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund	\$40.0	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$48.6	\$50.6	\$52.6
Increase	5.1%	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	0.0%	4.0%	4.0%
Tree Levy								\$1.0	\$1.5	\$1.7
Increase									45.9%	17.4%
Total	\$40.0	\$41.8	\$43.6	\$45.5	\$47.2	\$47.2	\$48.6	\$49.6	\$52.0	\$54.3
Increase	5.1%	4.4%	4.4%	4.3%	3.8%	0.0%	3.0%	2.1%	4.9%	4.4%

Local Government Aid

- Actions to balance the state budget from 2008-2011 resulted in reduced Local Government Aid (LGA) payments to Minnesota cities. The Park Board lost \$8.5 million in LGA due to the reductions over these four years.
- In 2016 Park Board LGA was increased by \$49,000, to \$9.2 million.



General Fund Other Revenue

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

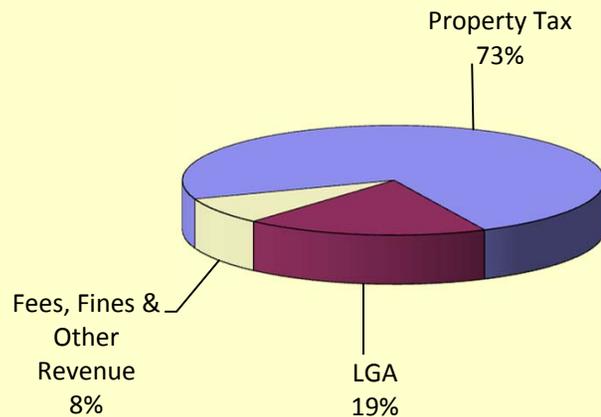
General Fund Other Revenue (in millions)

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 (Budget)
\$5.7	\$5.0	\$4.8	\$5.1	\$5.2	\$5.0	\$9.6	\$8.5	\$9.9	\$9.7

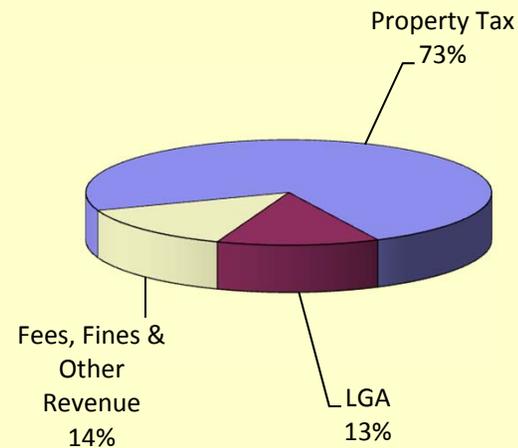
Revenue by Major Sources

- The Park Board is heavily reliant on property taxes and although Park Board state aid was increased in 2016, it is still lower than the level received in 2007.

2007 General Fund Revenue by Major Sources



2016 General Fund Revenue by Major Sources



General Fund Expenditures

- General Fund Operating Budget History
- Capital Funding
- Full-Time Employees

General Fund Operating Budget History

- Park Board General Fund operating budget has increased \$15.9 million, or 30 percent in ten years. Included in this increase is fee based recreation programs of \$3.5 million (5 percent) moved to the General Fund in 2013.
- Increases in health insurance premiums and pension contribution rates have directly reduced the amount of funding available for programs and services.
- The 2007 budget was the beginning of state aid decreases that resulted in Park Board budget reductions. Recent increases in state aid and property tax revenues and the moderating of health insurance increases have helped improve Park Board finances.

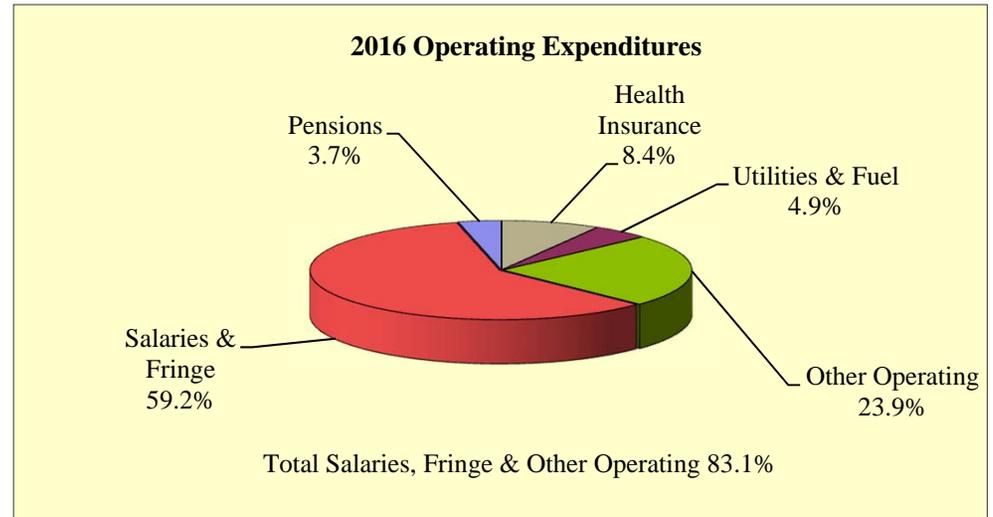
Operating Budget History (in millions)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Amount	\$52.5	\$54.2	\$55.9	\$55.9	\$53.8	\$53.8	\$59.5	\$62.5	\$65.7	\$68.4
Increase	-0.6%	3.2%	3.1%	0.0%	-3.8%	0.0%	10.6%	5.0%	5.1%	4.1%

*Does not include tree preservation & reforestation levy

General Fund Operating Budget History (continued)

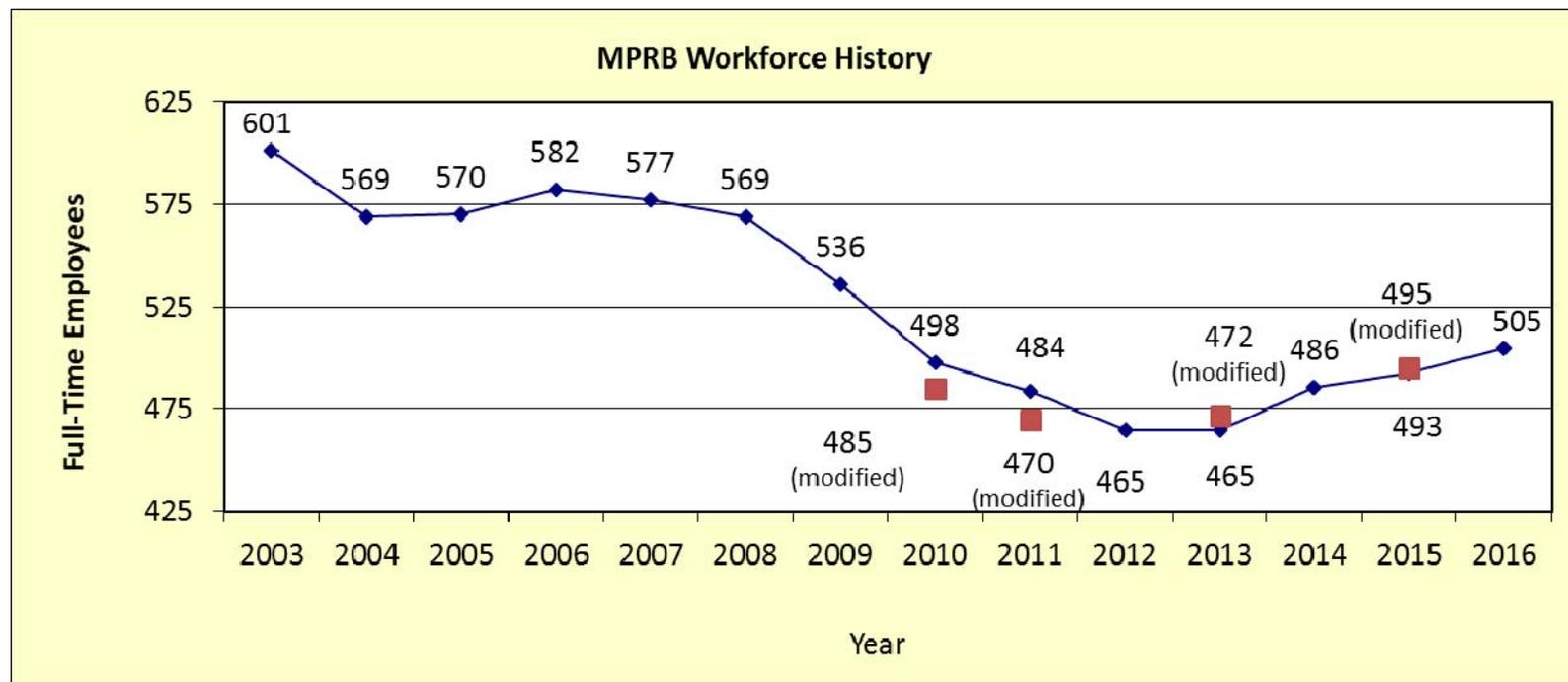
Total salary, fringe and operating funding percentages are similar in 2007 and 2016, however costs for mobile equipment and technology have increased by \$2.5 million as the Park Board has worked to stabilize internal service funds and improve technology. In 2007 there were 491 full-time general fund employees compared to 445 in 2016. To fund 46 more employees in 2016 would cost \$4 million.



*includes the same activities as 2016 Operating Expenditures

Full-Time Employees (all funds)

- The Park Board workforce has been reduced by 96 full-time employees (16 percent of the workforce) since 2003, due to budget pressures including decreased state aids. Operating efficiencies have been implemented to respond to funding reductions.
- The Tree Preservation and Reforestation Levy, shift from part-time to full-time staffing, increased LGA and a property tax increases have allowed increases in full-time employees since 2012.



Budget Outlook



Federal Legislative Update

- Focused work in Washington DC is resulting in successes for the Park Board
- Since 2012, the Park Board has worked with federal agency staff and legislators to bring attention to RiverFirst
 - In 2015 Minneapolis was one of only 8 cities in the country to receive LWCF funding, and only one of 2 cities to receive the maximum available amount through the Pilot Competitive Grant Program for RiverFirst
 - A joint MPRB and City of St. Paul Urban Waters Federal Partnership application has been submitted to the Federal Government at the request of the Federal Government
 - The Park Board submitted an application for 2016 LWCF funding but the project was not selected for funding consideration
- In 2014 Minneapolis was designated by the Federal Government as one of three pilot cities working on addressing youth violence
 - Minneapolis' focus is on addressing the recruitment of youth and young adults to fight for ISIS or ISIL
 - Park Board is working with Youthprise to direct programmatic funding to the Park Board for services for Cedar Riverside Neighborhood

State Legislative Update

- The 2016 session ended with the tax bill vetoed, and no bonding bill or transportation funding packages passed. The current status of laws affecting the Park Board Funding include:
 - Local Government Aid (LGA) – The vetoed tax bill would have brought the Park Board approximately \$282,000 in additional funding. Under current law the Park Board will continue to receive \$9.2 million in LGA.
 - Operations & Maintenance (O&M) Funding and Lottery Proceeds – No changes were made to funding levels.
 - No bonding bill was signed into law. As a result, the MPRB will not be receiving the anticipated \$3.4 million for capital projects in regional parks for 2017.

Potential Budget Impacts

- The City has adopted a municipal sick leave policy. This policy will become effective July 1, 2017. The estimated maximum cost to the MPRB for sick leave pay is \$271,000, if every hour of earned sick leave is used and every shift is covered.
- The City is studying a \$15 per hour minimum wage in Minneapolis. The estimated annual impact to the Park Board is \$2.2 million to the General Fund (4.3% property tax levy increase) and \$450,000 to the Enterprise Fund. Also, such increases may exert pressure on collective bargaining wages especially for low wage earners. All full-time Park Board employees earn over \$15 per hour.

MPRB Property Tax Levy

Minneapolis Park & Recreation Board Certified Property Tax Levy				
Minneapolis Park & Recreation Board Property Tax Levy with \$3 Million Increase for 20 Year Park Plan				
	2016 Adopted	2017 Projected	Change	% Change
Minneapolis Park Board	52,583,000	55,583,000	3,000,000	5.7%
Tree Preservation & Reforestation	1,732,000	1,732,000	0	0.0%
Park Board Total	54,315,000	57,315,000	3,000,000	5.5%
Minneapolis Park & Recreation Board Property Tax Levy with General Fund Operating Increase				
	2016 Adopted	2017 Projected	Change	% Change
Minneapolis Park Board	52,583,000	55,013,000	2,430,000	4.6%
Tree Preservation & Reforestation	1,732,000	1,732,000	0	0.0%
Park Board Total	54,315,000	56,745,000	2,430,000	4.5%
Minneapolis Park & Recreation Board Total Property Tax Levy				
	2016 Adopted	2017 Projected	Change	% Change
Minneapolis Park Board	52,583,000	58,013,000	5,430,000	10.3%
Tree Preservation & Reforestation	1,732,000	1,732,000	0	0.0%
Park Board Total	54,315,000	59,745,000	5,430,000	10.0%
<p>The \$5.4 million, 10.0% increase in Park Board property taxes is a 1.82% increase on total City of Minneapolis property taxes.</p> <p>Every 1 percent increase in Property Taxes generates \$537,719 for the Park Board, and increases the average homeowners (\$205,500 median value) property taxes by approximately \$2.</p>				

MPRB Property Tax Levy (continued)

- In the event that the City Council acts to increase the minimum wage, the Park Board would like to maintain some flexibility with its tax levy to fund the cost of the minimum wage increase.

Minneapolis Park & Recreation Board Total Certified Property Tax Levy				
	2016 Adopted	2017 Projected	Change	% Change
Minneapolis Park Board	52,583,000	58,013,000	5,430,000	10.3%
Provision for Minimum Wage Increase		1,629,450	1,629,450	3.0%
Tree Preservation & Reforestation	1,732,000	1,732,000	0	0.0%
Park Board Total	54,315,000	61,374,450	7,059,450	13.0%

- The additional 3 percent property tax levy would only be levied if the minimum wage is increased, and the amount levied would only be enough to cover the cost of the minimum wage increase.

General Fund Budget – 2017 Estimated Gap

Revenue Increase (based on 10.0% General Fund property tax increase)	\$ 5,497,436
Provision For Wage and Benefit Adjustments	\$ 2,001,706
Health Insurance Increase	\$ 286,910
Other Operating Expenditures	\$ 518,934
NPP20 Operating Expenditures	\$ 3,000,000
Expenditure Increases	\$ 5,807,550
Preliminary, estimated 2017 deficit	\$ (310,114)

*Does not include tree preservation & reforestation levy

General Fund Five-Year Projections

General Fund Property Tax Levy Increase		10.3%	3.8%	3.3%	3.5%	3.5%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
	2016	2017	2018	2019	2020	2021
Property Taxes	52,057,170	57,432,870	59,615,319	61,582,625	63,738,016	65,968,847
Local Government Aid	9,182,581	9,194,054	9,194,054	9,194,054	9,194,054	9,194,054
Fees, Fines and Other Revenues	9,742,694	9,852,957	10,207,644	10,207,644	10,207,644	10,207,644
Total	70,982,445	76,479,881	79,017,017	80,984,323	83,139,714	85,370,545
General Fund Operating						
Full-Time Wages & Fringe	35,267,328	37,011,030	38,116,956	39,107,997	40,281,237	41,489,674
Part-Time Wages & Fringe	7,694,745	7,952,750	8,413,255	8,581,520	8,753,150	8,928,213
Health Insurance	5,738,195	6,025,105	6,326,360	6,642,678	6,974,812	7,323,552
Other Expenditures	19,702,177	20,221,111	20,620,760	20,930,071	21,348,673	21,775,646
General Fund Operating Costs	68,402,445	71,209,995	73,477,331	75,262,266	77,357,872	79,517,086
NPP20 Operating						
Full-Time Wages & Fringe		1,633,123	1,675,584	1,719,149	1,770,724	1,823,846
Part-Time Wages & Fringe		232,537	237,188	241,931	246,770	251,706
Health Insurance		383,671	402,855	422,997	444,147	466,354
Other Expenditures		750,669	761,929	773,358	788,825	804,602
NPP20 Operating Costs	0	3,000,000	3,077,556	3,157,436	3,250,466	3,346,507
Capital Levy	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Excess GF Capital Contribution	780,000	680,000	1,080,000	1,080,000	1,080,000	1,080,000
Land Purchase Reserve	300,000	400,000				
Total	70,982,445	76,789,995	79,134,886	80,999,702	83,188,338	85,443,593
Estimated Gap	0	(310,114)	(117,869)	(15,380)	(48,624)	(73,048)

*Does not include tree preservation & reforestation levy

Tree Preservation & Reforestation Five-Year Projections

- 2017 is year 4 of the eight year program. The last year of the tax levy is 2021.

Property Tax Levy Increase		0.0%	2.0%	2.3%	2.3%	-28.5%
	Adopted	Est	Est	Est	Est	Est
	Budget	Budget	Budget	Budget	Budget	Budget
Revenue	2016	2017	2018	2019	2020	2021
Property Taxes	1,714,503	1,714,503	1,748,652	1,788,339	1,829,005	1,308,473
Use of Fund Balance	28,739	44,078	44,078	44,078	44,078	44,078
Total	1,743,242	1,758,581	1,792,730	1,832,417	1,873,083	1,352,551
Expenditures						
Full-Time Wages & Fringe	434,309	445,601	457,187	469,074	481,269	240,635
Health Insurance	89,952	94,450	99,172	104,131	109,337	54,669
Other Expenditures	1,218,981	1,218,530	1,236,371	1,259,213	1,282,476	1,057,247
Capital Costs	-	-	-	-	-	-
Total	1,743,242	1,758,581	1,792,730	1,832,417	1,873,083	1,352,551
Ash Trees Removed	4,735	4,735	4,735	4,735	4,735	-

Capital Budget Outlook



Capital Budget Outlook

	Current	Estimated	Estimated	Estimated	Estimated	Estimated
	Budget	Budget	Budget	Budget	Budget	Budget
	2016	2017	2018	2019	2020	2021
NPP 20	2,500,000	10,500,000	10,500,000	10,500,000	10,500,000	10,500,000
Capital Levy - Pay as You Go	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Capital Levy - Pay as You Go Addtl	780,000	680,000	1,080,000	1,080,000	1,080,000	1,080,000
Park Dedication	4,600	19,842				
Transfer	460,000	230,000	230,000	230,000	230,000	230,000
Other Outside Funding	3,260,000					
Total Neighborhood Parks Funding	8,504,600	12,929,842	13,310,000	13,310,000	13,310,000	13,310,000
Metropolitan Council	450,000	4,173,000	0	3,723,000	0	3,723,000
Parks and Trails Legacy	3,289,000	3,456,000	3,250,000	3,250,000	3,250,000	3,250,000
Lottery in Lieu (O&M)	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000	1,300,000
Other Outside Funding	8,154,000					
Total Regional Parks Funding	13,193,000	8,929,000	4,550,000	8,273,000	4,550,000	8,273,000
Total Revenue	21,697,600	21,858,842	17,860,000	21,583,000	17,860,000	21,583,000
Neighborhood Parks Capital	8,254,600	9,278,842	9,463,580	9,560,000	9,415,133	9,540,000
Neighborhood Parks Rehabilitation	250,000	3,651,000	3,846,420	3,750,000	3,894,867	3,770,000
Regional Parks Rehabilitation	13,193,000	8,867,000	4,019,000	7,943,000	4,320,000	8,273,000
Parkways & Parkway Lighting Rehab	0	62,000	531,000	330,000	230,000	
Total Expenditures	21,697,600	21,858,842	17,860,000	21,583,000	17,860,000	21,583,000
Revenue less Expenditures	0	0	0	0	0	0