

**City of Minneapolis
2015 Budget**

Independent Boards and Agencies

The 2015 Mayor’s Recommended Budget includes specific recommendations for City funding of certain programming for the City’s independent boards and agencies. City funding for independent boards and agencies is handled through transfers from the City to the board or agency to use within the confines of an intended purpose. These funding mechanisms only comprise a very small part of independent board and agency funding as the boards and agencies function independently of the City, adopt their own budgets, and are not subject to City timelines for budget adoption.

The following board and agency sections include background information about each entity as a whole and describe the nature of the funding relationship each organization has with the City, as well as information on specific funding allocations in the City’s budget in support of each organizations’ programming.

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Board of Estimate and Taxation

The mission of the Board of Estimate and Taxation (BET) is to obtain citizen input relating to setting the maximum tax levies of the City for compliance with the City Charter and The Truth In Taxation State Statute. The Board, after receiving recommendations from the Mayor and City Council and the Public, sets the maximum tax levies by individual levy for the following: General Fund, Permanent Improvement Fund, Bond Redemption Fund, the former Minneapolis Employees Retirement Fund, the former Minneapolis Police Relief Association, the former Minneapolis Firefighters Relief Association, Minneapolis Public Housing Authority, Economic Development Chapter 595 levy, Teacher's Retirement Association, Municipal Building Commission, Board of Estimate & Taxation, Lake Pollution Control, Tree Preservation & Reforestation, Shade Tree Diseased Control, Park Rehabilitation & Parkway Maintenance, Park and Recreation.

Bonds issued in support of the City's capital program require a request from the City Council to the BET; for those bonds that are designated in the capital program for use by the Park and Recreation Board, a request is required from both the City Council and the Park and Recreation Board. Projects require location and design review by the Planning Commission prior to issuance, and the Board, on a vote of a minimum of five yeas out of six members, issues these General Obligation (GO) bonds of the City of Minneapolis used to support the Capital Program. The BET also establishes the maximum property tax levies for funds of the City under the State's Truth-in-Taxation requirements and the City Charter.

Financial Arrangements and City Funding Relationships

Funding Sources

The sole funding source for the BET is revenue received from property tax levies.

2015 City Funding

The BET consists of two independently citywide-elected representatives and four appointed board members (the Mayor, the President of the City Council, the Chair of the Ways and Means/Budget Committee, and a chosen Park and Recreation Board Commissioner). The BET sets its own budget and levy independently of the City.

MUNICIPAL BUILDING COMMISSION

The Municipal Building Commission was created by State statute in 1904 and given exclusive care and control of the Minneapolis City Hall and Hennepin County Courthouse building to provide effective and efficient services to operate, maintain, and preserve the historic landmark building and ensure a safe and functional environment for City and County government employees, citizens, and elected officials.

The MBC is responsible for maintaining the building operating systems including mechanical, electrical and elevators. In addition, the MBC is responsible for providing custodial, utility, repair and maintenance services. The MBC is also responsible for administrative functions including coordinating City and County tenant needs as well as planning, emergency preparedness, communications, human resources, labor relations, contract services, information technology, finance, accounting, payroll and operating and capital budgeting activities related to the building.

Financial Arrangements and City Funding Relationships

Funding Sources

The revenue budget for MBC in 2014 was \$8.5 million, approximately 40% funded by Hennepin County and approximately 60% funded by City property tax levy and state Local Government Aid (LGA).

2015 City Funding

The MBC, consisting of an appointed Board of Commissioners made up of County and City elected officials, sets its own budget in conformance with County and City guidelines and levy targets. The MBC has historically been the recipient of 0.3% of the City of Minneapolis's LGA funding from the State of Minnesota, which can fluctuate year to year depending on the total LGA allocation to the City under State law. While the MBC budget is set independently of the City, the City has, at times, directly funded joint ventures in collaboration with the MBC and dedicated specific allocations to functions carried out by the MBC. In the City's 2015 budget, the Mayor is not proposing a specific allocation to supplement MBC programming.

Minneapolis Public Housing Authority

The mission of the Minneapolis Public Housing Authority (MPHA) is to promote and deliver quality, well-managed homes to a diverse low-income population and with partners, contribute to the well-being of the individuals, families and the community. MPHA's strategic plan includes three primary focus areas, outlined below:

1. Property and capital management to ensure preservation and growth of MPHA's assets.
2. Policy and program formulation to continue to provide safe and affordable housing.
3. Partnerships to contribute to the health and well-being of residents and participants and the livability of Minneapolis neighborhoods.

The MPHA is governed by a nine-member Board of Commissioners, two of whom are public housing residents (one from a family unit and one from a high-rise). While board members are appointed by the Mayor and City Council members, the Board of Commissioners is responsible for adopting a budget for the agency independent of the City's budget process.

Financial Arrangements and City Funding Relationships

Funding Sources

As in previous years, the MPHA is heavily financed through federal grants and subsidies. Although federal appropriations have not been determined for 2015, MPHA anticipates that federal assistance will remain near the same levels received in 2014. In 2013, federal grants and subsidies made up 74 percent of the MPHA's sources of funds. These funds were provided for general program operation, capital uses for both improvements for existing structures and new public housing development, and Section 8 housing assistance subsidies. The percentage of funding provided from capital grants increased from 13 percent of the sources in 2008 to 21 percent of total sources in 2009 and 2010. In 2011, the percentage of funding provided from capital grants was only 18 percent and this decreased to only 11 percent in 2012. In 2013, the percentage of funding provided from capital grants was 13 percent. The majority of uses were for housing assistance payments (HAP) to Section 8 landlords, which made up 45 percent of uses in 2013 compared to 46 percent in 2012.

2015 City Funding

Each year, MPHA is required to provide a payment in lieu of taxes (PILOT) of 5% of net shelter rent per Minn. Stat. 469.040, Subd. 3. Prior Cooperative Agreements between MPHA and the City incorporated 10% annual payments, which were subsequently reduced to the mandatory 5% reflected in the Statute. MPHA provides payment to Hennepin County which is then distributed to local taxing jurisdictions in the same manner as property taxes. Beginning in 2014, the Council amended the City's budget to include the refund of the City's portion of MPHA's PILOT payment. The amount the Mayor is recommending reimbursement for in 2015 is \$250,000, which is used to fund public housing costs. The Mayor also included a recommendation for assisting the MPHA with rising health insurance costs in the amount of \$50,000.

Park and Recreation Board

The mission of the Minneapolis Park and Recreation Board (MPRB) is to permanently preserve, protect, maintain, improve and enhance the City's natural resources, parkland and recreational opportunities for current and future generations.

The MPRB is an independently elected, semi-autonomous body responsible for governing, maintaining and developing the Minneapolis park system. The 6,400-acre system consists of local and regional parks, playgrounds, golf courses, gardens, biking and walking paths, nature sanctuaries, lakes and a 55-mile parkway system. The nine-member Board of Commissioners is responsible for developing and setting the budget and levies for the organization.

Financial Arrangements and City Funding Relationships

Funding Sources

The majority of the MPRB's available resources come from its property tax levy, which constitute 72% of available MPRB General Fund resources. The second largest funding sources for the MPRB are Local Government Aid (LGA) and Fees, Fines and Other Revenue, each representing 14% of available MPRB General Fund resources. Although Park Board state aid was increased in 2014, it is still lower than it was in 2005, making the Park Board more reliant on Fees, Fines and Other Revenue, as well as property tax revenues.

The Park Board property tax levy has increased an average of 3.6 percent annually for the past ten years. Excluding the 2014 Tree Preservation and Reforestation levy, the property tax levy increase has been 3.4% annually. In 2014, 8 cents of every property tax dollar paid by Minneapolis residents goes towards Parks, the same proportion as it was in 2005.

2015 City Funding

The MPRB, consisting of an independently elected Board of Commissioners sets its own budget and levy independently of the City, subject to the maximum levies certified by the Board of Estimate and Taxation. The MPRB has historically been the recipient of 11.8% of the City of Minneapolis's LGA funding from the State of Minnesota, which can fluctuate year to year depending on the total LGA allocation to the City under State law. While the MPRB budget is set independently of the City, the City has, at times, directly funded joint ventures in collaboration with the MPRB and dedicated specific allocations to functions carried out by the MPRB. In the City's 2015 budget, the Mayor is not proposing a specific allocation to supplement Park Board programming.

Minneapolis Youth Coordinating Board

The Minneapolis Youth Coordinating Board (YCB) is dedicated to promoting the healthy, comprehensive development of Minneapolis children and youth ages 0-20 through collaborative action and policy alignment. The YCB has four primary goals:

- 1) All Minneapolis children enter kindergarten ready to be successful in school.
- 2) All Minneapolis young people succeed in school and graduate from high school.
- 3) All Minneapolis young people have access to safe, quality out-of-school opportunities.
- 4) All Minneapolis children and young people are ready to further their potential through lifelong learning, work experience, and community connections.

YCB also has infrastructure goals related to developing capacity to address policy issues affecting Minneapolis children and youth, educating legislators on related policy matters, and disseminating information on such issues.

Financial Arrangements and City Funding Relationships

Funding Sources

The YCB's 2014 revenue budget was \$1.6 million. In addition to the joint powers agreement between the City, County, School District and the Park Board under which the YCB receives most of its funding, the YCB also receives foundation funding.

2015 City Funding

The YCB, consisting of an appointed Board of Commissioners sets its own budget independently of the City. While the YCB budget is set independently, the City has, at times, directly funded joint ventures in collaboration with the YCB and dedicated specific allocations to functions carried out by the YCB. In the City's 2015 budget, the Mayor is proposing a specific allocation to supplement YCB programming funded in the City's Health Department budget. This additional funding, in the amount of \$55,000, will be used to provide additional funding to the Downtown Youth outreach team.