

SUBSTITUTE ORDINANCE

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Amending Title 2, Chapter 16 of the Minneapolis Code of Ordinances relating to Administration: Finance.

The City Council of the City of Minneapolis do ordain as follows:

Section 1. That Chapter 16 of the Minneapolis Code of Ordinances be amended by adding thereto a new Article XIV to read as follows:

Article XIV. NEIGHBORHOOD PARK AND STREET INFRASTRUCTURE PLANS.

16.1200. Purpose. The City of Minneapolis and its Park and Recreation Board have developed a financial plan to achieve a shared goal of closing a neighborhood parks funding gap in a manner that is consistent with existing annual levy and capital budget processes and that avoids the uncertainty and inflexibility of various potential ballot measures. The City of Minneapolis has concurrently developed a financial plan to close a street infrastructure funding gap in a way that manages the impact of the two initiatives on City taxpayers.

16. 1210. Definitions.

"Appendix" means the 20-year projection of the sources and uses of funds for the Neighborhood Park and Street Infrastructure Plans, including the annual levy impacts of both plans, as set forth in Resolution 2016R-151, on file with the Office of the City Clerk.

"BET" means the Board of Estimate and Taxation under Article V of the City Charter.

"City" means the City of Minneapolis, acting through its City Council and Mayor as provided in Article IV of the City Charter.

"*Exigent Economic Events*" means state-imposed levy limits, 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.

"MPRB" means the Park and Recreation Board under Article VI of the City Charter.

"*Neighborhood Park Capital Project(s)*" means the addition of a structural improvement to the Neighborhood Park System or the restoration of some aspect of an asset in the Neighborhood Park System that will either enhance the asset's overall value or increase its useful life.

"*Neighborhood Park Plan*" means the funding plan outlined in Section 16.1240.

“Neighborhood Park Projects” means Neighborhood Park Capital Projects and Neighborhood Park Rehabilitation Projects.

“Neighborhood Park Rehabilitation Project(s)” means an improvement or repair to the Neighborhood Park System that does not constitute a Neighborhood Park Capital Project.

“Neighborhood Park System” means those parks that (1) are owned or leased and operated and maintained by the MPRB, (2) are generally less than two blocks in size, but may be larger, and (3) 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.

“Street Infrastructure Plan” means the funding plan outlined in Section 16.1230.

“Unanticipated Critical Needs” means natural disasters, diseases, acts of god and similar occurrences that place extraordinary demands on City resources.

16.1220. Levy Impacts.

(a) *Identified Levy Impacts.* The expenditure commitments under the Neighborhood Park Plan and the Street Infrastructure 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 City’s Five Year Financial Direction to fund current service levels and commitments.

(b) *New Levy Impacts.* The identified levy impacts assume only the future use of sources outlined in the Appendix. Any alterations to those projected levies will be identified during the annual budget process and incorporated into the City’s Five Year Financial Direction. In such case, the Appendix will be amended accordingly.

16.1230 Street Infrastructure Plan.

(a) *Term.* The Street Infrastructure Plan is effective from 2017 through 2036.

(b) *Maintenance Funds.* Beginning in 2017, the City will increase the base budget of the Public Works Department by \$800,000 for on-going street maintenance.

(c) *Project Funds.*

(1) *Guaranteed Minimum Annual Amount.* Beginning in 2017 and continuing for the term of the Street Infrastructure 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 Long Range Improvement Program process under Minneapolis Code of Ordinance Chapter 35, as amended from time to time. The guaranteed minimum annual amount will be an increase of \$21.2 million per year over the current City general fund expenditures.

(2) Adjustments to Guaranteed Minimum Annual Amount. The City will adjust its capital commitment for streets annually based on objective measures of inflationary costs and other salient factors such as the consumer price index, wage growth, producer price index, or RSMMeans as determined during the City's annual budget process.

(d) *Reports.*

(1) Initial Report. The Public Works Director will make a public presentation to the City Council prior to the City's adoption of the 2017 budget in a report outlining the proposed five year capital project schedule for the Street Infrastructure 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.

(2) Annual Reports. In each subsequent year for the duration of the Street Infrastructure Plan the Public Works Director will, on an annual basis, present a report to the City Council that contains (i) the current status of all projects in the five year capital plan, including the plan's utilization of a criteria based system with a focus on racial and economic equity to determine equitable distribution of funding; and (ii) a summary of projects undertaken during the preceding year and those projects that will commence in the following year and the impact to the overall operating costs for the projects undertaken by the City under this ordinance.

16.1240. Neighborhood Park Plan.

(a) *Term.* The Neighborhood Park Plan is effective from 2017 through 2036, unless earlier terminated as provided in Section 16.1240(j).

(b) *Concurrent Ordinance.* The Neighborhood Park Plan will be effective only upon adoption of a concurrent Neighborhood Park Plan ordinance by the MPRB.

(c) *Exclusive Purpose.* The financial resources that the City provides to the MPRB under the Neighborhood Park Plan must be used exclusively to fund the Neighborhood Park System as further delineated below.

(d) *Startup Funding.* The City will provide a one-time reimbursement of \$1.5 million to the MPRB on or about January 1, 2017, for initial costs for capital improvements to, rehabilitation of, or operating expenses relating to the Neighborhood Park System.

(e) *Operating Funds.* The City will recommend that the BET increase the adopted base 2016 MPRB Park and Recreation Tax Levy amount of \$52,583,000 by \$3 million in 2017. 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 shall 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.

(f) *Project Funds.*

(1) Guaranteed Minimum Annual Amount. Beginning in 2017 and continuing for the term of the Neighborhood Park Plan, the City will provide the MPRB with a guaranteed minimum annual amount of funding for Neighborhood Park Projects. 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).

(2) Adjustments to Guaranteed Minimum Annual Amount. The City and the MPRB will review for renewal of and adjustments to the guaranteed minimum annual amount on or before December 15, 2020, December 15, 2025, and December 15, 2030 based on objective measures of inflationary costs and other salient factors. Examples of objective measures of inflationary costs and other salient factors over the previous five year period would include: the consumer price index, wage growth, producer price index, RSMMeans and any other objective measures of the ability of taxpayers to afford tax increases that may result from any increases adopted for the next five year period. The five-year adjustments will be approved by the 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.

(3) Use; Control. The guaranteed minimum annual funding amount of \$10.5 million and future adjusted annual amounts shall be used only for Neighborhood Park Projects, but shall be under the sole control of the MPRB.

(4) Capital Projects Process. Each Neighborhood Park Capital Project shall be identified in the City's annual five-year Capital Long Range Improvement Program Process under Minneapolis Code of Ordinances Chapter 35, as amended from time to time.

(g) Reports.

(1) Initial Report. The MPRB will make a public presentation to the City Council prior to the adoption of the City's 2017 budget in a report outlining the MPRB's proposed five year project schedule for the Neighborhood Park Plan, including the MPRB's 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.

(2) Annual Reports. In each subsequent year for the duration of the Neighborhood Park Plan, the MPRB will update the five year project schedule and make a public presentation to the City Council in a report that contains (i) the current status of all projects in the five year plan, including the plan's 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 preceding year and those projects that will commence in the following year and the impact to the overall operating costs for the projects undertaken by the MPRB under this ordinance.

(h) Changed Circumstances. For any applicable year within the term of the Neighborhood Park Plan, the City 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 determination and the amount of funding less than the \$10.5 million or less than a subsequent adjustment amount stipulated in concurrent resolutions as provided in paragraph (f)(2) above, must be set forth in an amendment to the ordinance for that applicable year.

(i) Ballot Measures Precluded. 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 capital budget processes. Therefore, for the duration of the Neighborhood Park Plan, the MPRB will refrain from advocating, supporting or approving any manner of ballot measure to increase Neighborhood Park System funding.

(j) Early Termination. If the City exercises its right to significantly reduce or suspend Neighborhood Park Project funding to the MPRB under Section 16.1240(h) for at least three (3) consecutive years, then the MPRB may by resolution of the MPRB opt out of the Neighborhood Park Plan. If the MPRB fails to spend the funds in accordance with the Neighborhood Park Plan or fails to make the public presentations to the City that are required under Section 16.1240(g), then the City may by resolution of the City Council opt out of the Neighborhood Park Plan. If the MPRB or the City elects to opt out, then the concurrent ordinances will automatically terminate and neither party will have any further obligations under the Neighborhood Park Plan.

16.1250. Reservations. *(a) Local Government Aid.* The City will continue to provide to the MPRB 11.79% of the annual amount of Local Government Aid funds that are awarded to the City each year, irrespective of the Neighborhood Park Plan.

(b) Administrative and Benefit Administrations Fees. 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 Neighborhood Park Plan.

(c) Levy Request Authority. 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 Neighborhood Park Plan. However, the MPRB inflationary increases will not exceed the City levy inflationary increases.