CITIZENS LEAGUE REPORT

No. 162

Legislation to fold the Minneapolis Park system into Hennepin County

June 1963

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Citizens League
545 Mobil Oil Building
Minneapolis 2, Minnesota

APPROVED
BOARD OF DIRECTORS
DATE JUN 5 1963

TO: Board of Directors

FROM: Government Organization Committee

SUBJECT: Findings and recommendations concerning the approval of legislation to bring Minneapolis into the Hennepin County Park Reserve District

PREPARED BY: The Government Organization Committee, Mrs. Stanley G. Peterson, Chairman

SCOPE OF REPORT

In the closing days of the 1963 Minnesota legislative session, the Legislature enacted a law (HF1867) which, if approved by the Hennepin County Board, the the County Park District Board, the Minneapolis City Council and the Minneapolis Park Board, would make the City of Minneapolis a part of the Hennepin County Park Reserve District. The purpose of this report is to evaluate the law and to present the Citizens League's recommendations concerning its approval by the four governing bodies.

This report should be considered as a sequel to the previous report from the Government Organization Committee -- approved by the Board of Directors on March 14, 1963 -- in which the League recommended the passage of legislation of this nature.

RECOMMENDATION

We strongly urge the Board of Hennepin County Commissioners, the Board of the Hennepin County Park Reserve District, the Minneapolis City Council, and the Minneapolis Park Board to adopt resolutions approving the legislation bringing the City of Minneapolis into the County Park Reserve District.

FINDINGS

1. The County Park system is being developed for the benefit of everyone within Hennepin County, and the entire County should participate in its development and share in its financing. As stated in our report of March 14, 1963, "It is important to realize that the parks being acquired by the County Park Reserve District are of a different character than the more familiar local parks. The county parks fulfill needs which cannot be met by local parks, and the County Park District proposes to buy sufficient land to meet the requirements of the entire county, including the residents of Minneapolis, for parks of this type." Approval of this legislation would mean that Minneapolis would participate in the planning and development of the county park system and assume its equitable share of the financial cost.

2. The act passed by the State Legislature is a good bill and should be approved. It includes a desirable check on the County Park District's expenditures by providing for a review of the District's budgets and capital expenditures by the

County Board. It recognizes the City's investment in large-scale parks by providing that $3 million of the total $8 million in the Park District has been authorized to spend for "acquisition and betterment" will be repaid entirely by the suburbs. And, it gives adequate representation on the County Park Board to both city and the suburbs.

3. The maximum cost to the City of Minneapolis for its participation in the County Park District will be approximately ½ mill. Because of the rapidly increasing assessed values in Hennepin County, this figure will undoubtedly decrease. And, if the Park District were to obtain funds which are available for the acquisition of land through the Federal Parks and Open Space Program, the cost to Minneapolis and the suburbs would be reduced even further.

4. Primarily because of the cooperation of city and suburban legislators, the 1963 Legislature established an unprecedented record for the passage of desirable local legislation affecting Hennepin County. Passage of the park act was an integral part of that cooperation, and failure to approve this measure at the local level will greatly endanger future city-suburban cooperation both in legislative sessions and in other matters.

SUMMARY OF THE PARK BILL

The Park Bill (HF1867) provides that Minneapolis will become a part of the Hennepin County Park Reserve District on January 1, 1965, if:

1. Prior to January 1, 1965 the County Park District shall have issued $3 million of the $8 million bond issue the District was authorized to issue by another act passed by the 1963 Legislature, and

2. The bill is approved by resolutions adopted by a majority of the members of each of the following local "governing bodies": The Minneapolis Park Board, the County Park Reserve District Board, the Minneapolis City Council and the Board of Hennepin County Commissioners. Approval by all four of the governing bodies is required for legal compliance with the so-called "Home Rule Amendment," since the bill directly affects each of the four bodies. The "Home Rule Amendment" provides that a special act shall become effective only after its approval by each affected governmental unit.

The bill contains the following provisions:

Representation - The County Park Board would be expanded from the present seven members to an 11-member board, with the addition of four Minneapolis members. The City Council and the Minneapolis Park Board would each appoint two members to the Board. Also, the three elected suburban at-large members would continue to serve until January 31, 1965, and thereafter the County Board would appoint the three at-large members from anywhere within the County. The four suburban members elected from districts would continue to be elected and the districts would remain unchanged.

Bonds - Taxes for the payment of any bonds or any other obligations outstanding as of January 1, 1965 would be levied only upon the suburban portion of the County. Thereafter, Minneapolis would share equally in all District expenses. As stated above, the District would have to issue $3 million in bonds before 1965. These and any other bonds or obligations the District has outstanding as of January 1, 1965 would remain an obligation of the area within the present district. The remaining $5 million in bonds authorized for the County Park District would be repaid by a tax levy on the entire county, including Minneapolis. However, the bill also provides that the $8 million authorization shall be reduced by the exact amount of any funds received from the federal or state governments for acquisition of park lands.

The bill also provides that the park bonds would be issued by the County instead of the Park District. It authorizes the County Board upon the request of the County Park Board to issue and sell "general obligation bonds of Hennepin County for the purpose of financing the acquisition and betterment of park properties and facilities."

Operating budget - The bill provides that the County Park Board would submit its proposed budget to the County Board. Upon approval and adoption of the budget by the County Board, the County Board would levy a tax to provide the necessary operating revenues. The tax would be apportioned to each municipality and township on the basis of population.

The bill provides that the maximum annual tax levy for purposes other than bond redemption shall not exceed 15¢ per person in the district. At the present time, the district budget is limited to a maximum expenditure of 18¢ per person. However, because the 18¢ limitation was placed upon the budget and not upon the tax levy, the 18¢ limitation applies to the expenditure of all funds -- both those collected by taxation and those obtained from fees and other sources. Under the 1963 bill, the District could expend revenues from fees, etc., in addition to the 15¢ per person tax levy.

County services - The bill also provides that "so far as practicable," the County "shall make available" to the County Park District the services of all county departments. And, that the County Park District "shall, if feasible, utilize" such services to the "fullest extent possible."

FINANCIAL IMPACT OF THE BILL

If the park bill is approved and the City of Minneapolis becomes a part of the County Park Reserve District, the City would pay county taxes for the operation of the Park District and the retirement of some park bonds. Taxes to finance the operating costs of the District would be limited to a maximum levy of 15¢ per capita. According to the 1960 population figures, this would mean a maximum annual levy of $72,430.80 in Minneapolis and $53,997.30 in the rest of Hennepin County, for a total of $126,428.10. However, because the suburbs are growing much more rapidly, they will soon be providing a much larger percentage of the total Park District budget.

According to Metropolitan Planning Commission projections, the population of suburban Hennepin County will be 514,200 by 1970 and 680,400 by 1980, compared to a 1960 population of 359,982. In contrast, the MPC has estimated that any population growth within Minneapolis will be very slight. Compared to a 1960 Minneapolis population of 482,872, the MPC has estimated a 1970 population of 490,000 and a 1980 population of 500,100. At 15¢ per capita, this would result in the following estimated maximum annual tax levies during each decade:

	Minneapolis	Suburban	Total
1960's	$72,400	$54,000	$126,400
1970's	73,500	77,100	150,600
1980's	75,000	102,100	177,100

Based upon a 1962 assessed valuation of $417,000,000, the $72,400 Minneapolis portion of the budget could be met by a levy of approximately 0.17 mills. By 1965, when Minneapolis would become a part of the District, the assessed valuation will undoubtedly have increased, thereby decreasing the mill levy needed to raise the same amount of money.

As stated earlier, the District would have to issue $3 million in bonds before Minneapolis becomes a part of the District. The present district -- the entire county except the City of Minneapolis -- would be responsible for the repayment of the $3 million (including all interest, etc.) and for the repayment of any other bonds or obligations outstanding on January 1, 1965.

Minneapolis' participation in the bond program would be limited to paying its share of a $5 million bond issue, and even this maximum would be decreased if the District were to obtain federal or state assistance. (By participation in the Federal Parks and Open Space Program to the fullest extent possible, the $5 million bond issue could be reduced to $3.5 million.)

The annual cost -- principal and interest -- of a $5 million issue of 30-year straight serial bonds at 4% interest would be approximately $275,000. (For a $3.5 million issue this would be reduced to an annual cost of approximately $192,400.) Based upon a 1962 assessed valuation of $645 million in Hennepin County, the repayment of such a $5 million bond issue would require a countywide mill levy of approximately 0.43 mills.

However, during the past 10 years the assessed valuation of the County has been increasing at an average rate of about $22 million per year (about $7.9 million in the City and $14.1 million in the suburbs). If this same average annual increase were to continue for the life of the bonds, the mill rate necessary to repay the bonds would be 0.39 mills in 1965, 0.30 mills in 1975, 0.24 in 1985, and 0.20 in 1995.

A more conservative approach would be to project a somewhat smaller increase in assessed valuation. If the assessed valuation of the County were to increase by $15 million per year between 1962 and 1975 and by $7 million per year thereafter, the mill rate required for the repayment -- principal and interest -- of 30-year bonds at 4% interest would be approximately as follows:

	County Assessed Valuation (millions)	% of Assessed Valuation in Suburbs	Millage Required to Retire Bonds	
			$5,000,000 Bond Issue	$3,500,000 Bond Issue
1962	$645	35%	-----	-----
1965	690	37%	0.40 mills	0.28 mills
1970	765	40%	0.36 "	0.25 "
1975	830	43%	0.33 "	0.23 "
1980	865	44%	0.32 "	0.22 "
1985	900	45%	0.31 "	0.21 "
1990	935	46%	0.29 "	0.21 "
1995	970	47%	1.28 "	0.20 "

On the basis of the above $5,000,000 bond issue, the total cost to Minneapolis -- including both operating costs and bond retirement -- of participating in the County Park District would be: 0.57 mills in 1965, 0.49 mills in 1975, 0.46 mills in 1985 and 0.43 mills in 1995. It is perhaps interesting to note that the General Hospital bill passed by the 1963 Legislature provides for a countywide tax levy of ½ mill for capital expenditures and a three-year 0.1 mill countywide levy for planning purposes, thus adding these amounts to the suburb tax burden.