

**City of Minneapolis
2013 Budget
Financial Plan**

Municipal Parking Fund

Background

The Municipal Parking Fund accounts for the operation and maintenance of parking ramps, lots, on-street parking, and a municipal impound lot. Major parking related capital construction and development activities also occur in this fund.

Historical Financial Performance

The financial condition of the Parking Fund has historically been stable, but presents a future financial challenge to the City due to cash flows. While the fund continues to generate positive changes in net assets, and, with the help of Convention Center sales tax and tax increment and abatement revenues, is capable of satisfying its debt service while restoring its productive assets, it is unable to sustain the current levels of dividend payments to other funds.

Nearly all of the capital costs of ramps have been financed by debt. Revenues for the fund are generated from these three lines of activities:

- Off-street parking
- On-street parking
- The impound lot

The fund receives transfers (\$7.2 million in year 2012) from the Minneapolis Convention Center to pay the debt service and a small portion of the operating costs for the Convention Center-related parking facilities. The fund also receives transfers (\$7.1 million in 2012) from tax increment and abatement revenue to pay part of major development projects in downtown area.

For historical trends, the 2010 and 2011 operating revenues and expenses are presented in the 2013 Parking Fund budget chart (see on a following page). Increases in revenues and expenses for 2010 can be attributed to approximately \$6 million in reimbursement from the State for improvements made to the State-owned ramps to facilitate event parking for Target Field. Additionally, other miscellaneous revenues for that year include approximately \$13 million in proceeds from the sale of ramps which was used to pay off a portion of the long-term debt.

The Parking Fund cash balance for year 2011 was \$11.6 million. The parking system creates a positive cash flow from the parking system operations. However with the projected transfers out to other funds, the Parking Fund may have a negative cash position in future years. Based on current and proposed budgets the Parking Fund cash balances are going to continue to decrease.

2013 Budget

Revenues

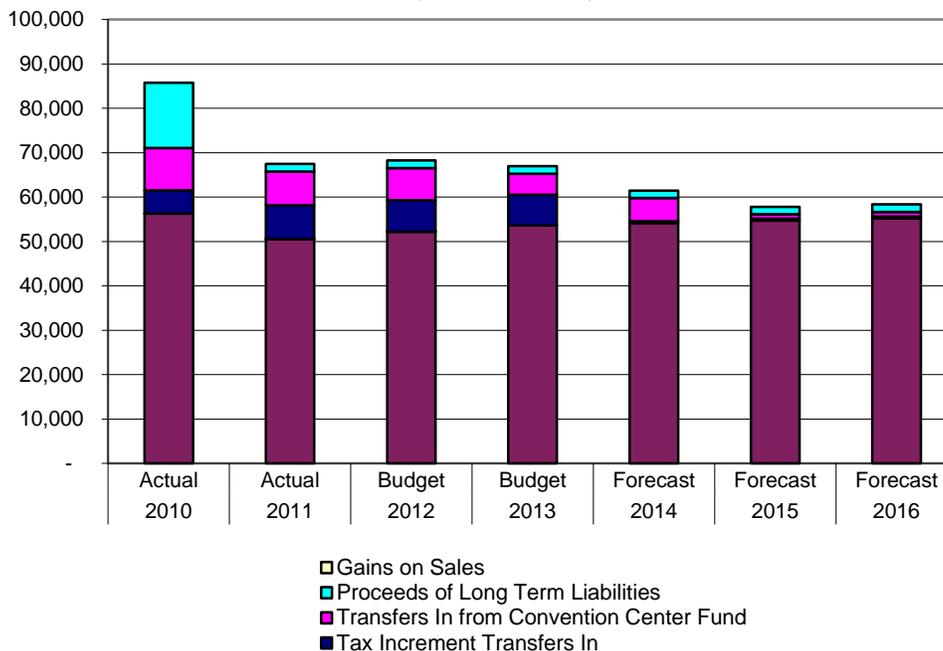
The parking system operating revenue budget for 2013 increased 2.6% to \$55.9 million from \$54.5 million projected for 2012. The 2013 revenue budget incorporates an increase in on-street revenues due to implementation of new smart-meters and associated operational changes, a decrease in impounding revenues due to a decline in day-to-day tows, a decrease in

auction revenues due to a decline in scrap metal prices, and a slight increase in off-street revenues.

Off-Street System Revenue Assumptions (2013)	
Utilization Percentage in 2010	79%
Number of Parking Stalls in the system	20,238
Forecasted Revenue increase	2013 4.4%
	2014 1.0%
	2015 1.0%
Assumed rate increases (if any)	0.05%
System-wide average event rate	\$ 10.00
System-wide average daily rate	\$ 7.25
System wide average monthly rate	\$ 135.00
Number of new stalls in the system	2013 0
	2014 0
	2015 0

For assumptions regarding sales tax revenue, please see the Convention Center Finance Plan.

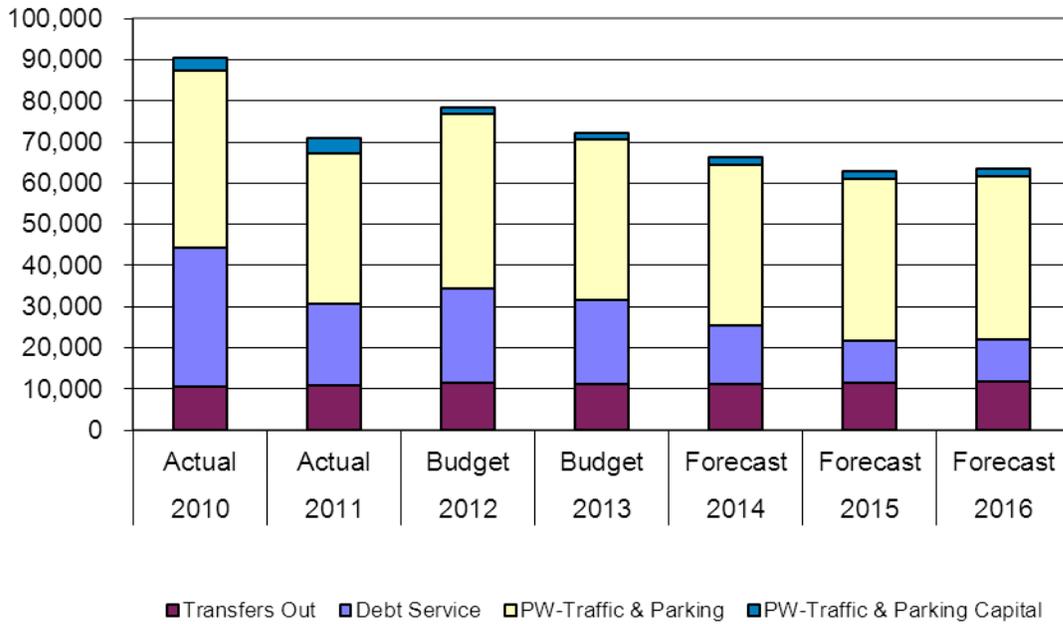
Parking Fund Revenues
(in thousands of dollars)



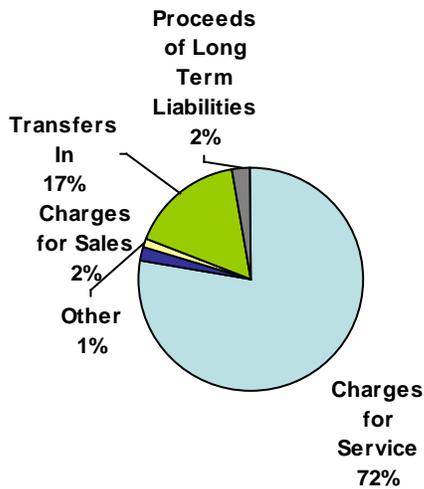
Expenditures

The parking system operating budget for 2013 stands at \$38.7 million which is a decrease of 5.7% from 2012 projected expenditures. The decrease for 2013 is due to a combination of operational efficiencies attained through automation and centralization, removal of one-time charges associated with automation initiatives, completion of on-street meter implementation, and declining costs of towing due to a decrease in day-to-day tows. The capital budget for 2013 is set at \$1.7 million, the same level as 2012 due to on-going repair and improvement work in the City-owned parking facilities.

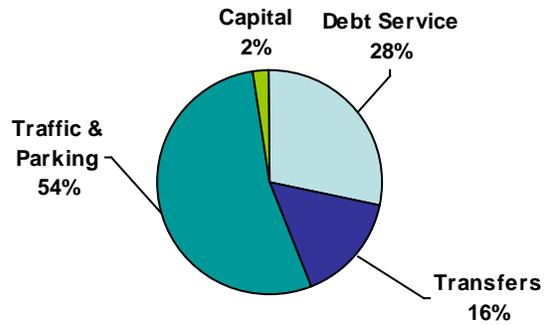
Parking Fund Expenditures (in thousands of dollars)



Source of Funds (\$69.2 million)



Use of Funds (\$72.2 million)



Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is \$20.5 million for 2013. A portion of debt service payments are reimbursed from tax increment and sales tax revenues, which are transfers to the Parking Fund from the Convention Center and Tax Increment Funds. These transfer revenues total \$11.6 million for 2013.

Transfers

The transfer to the general fund increased by \$0.1 million for 2013 to \$7.9 million. The transfer to the Target Center Arena Fund increases in 2013 by \$0.2 million to \$3.1 million over 2012, and is scheduled to increase in future years. Revenues from State-owned garages continue to be transferred to the State on a daily basis. An annual transfer of \$146,000 to the Solid Waste and Recycling fund supports service for bus shelter litter containers. Lastly, there was a transfer to the Minneapolis Employees Retirement Fund (MERF) debt service fund that ended in 2012.

As discussed above, the transfers into the parking fund include revenues from sales tax along with revenues from tax increment and abatement. The transfer of sales tax revenue from the Convention Center Special Revenue Fund is \$4.7 million for 2013 down from \$7.2 million for 2012. The transfers from the CPED Special Revenue fund for tax increment and abatement are budgeted to decrease \$0.2 million, from \$7.1 million in 2012 to 6.9 million in 2013. These revenue transfers are primarily used towards debt service payments and are scheduled to mostly disappear by the end of 2014 as most of the debt for their respective ramps is paid off.

Mayor's Recommended Budget

As part of the reorganization of the Regulatory Services Department, the Mayor recommended the Traffic Control division of Regulatory Services be moved into Traffic and Parking Services. The Mayor's recommended budget reflects the move of the Traffic Control budget program into the Traffic and Parking Services Division within the Public Works Department.

As part of the reorganization of Regulatory Services functions, a committee led by the City Coordinator and consisting of representatives from the Mayor's Office, members of the City Council, Finance staff, and heads of the affected departments will convene to develop a strategy to implement the changes necessary to align current Regulatory Services functions to the departments that serve as the best fit for overall synergistic functionality. Based on this, the committee may elect to break apart current Regulatory Services divisions, program proposals, and funding structures. It is anticipated that the committee will have a final plan for the reorganization and allocation of Regulatory Services functions prior to adoption of the 2013 Council Adopted Budget.

The Mayor recommended no changes to the proposed budget of this division. The Mayor also recommended the division's proposal for graffiti removal.

Council Adopted Budget

To reflect the Regulatory Services Reorganization Transition Committee changes from the Mayor's Recommended Budget, (Construction Code Services moving to Community Planning & Economic Development rather than remaining in Regulatory Services, Traffic Control remaining in Regulatory Services rather than moving to Public Works, and Environmental Health/Food moving to Health & Family Support rather than Community Planning & Economic Development) the City Council amended the Mayor's recommended budget as follows: (1) Increase

Community Planning & Economic Development's general fund (00100) revenue by \$14,602,410. Increase Community Planning & Economic Development's special revenue fund (01900) revenue by \$360,690. (2) Increase Health & Family Support's general fund (00100) revenue by \$587,058. Decrease Health & Family Support's other grants fund (01600) revenue by \$231,058. (3) Decrease Public Work's general fund (00100) revenue by \$5,735,000. (4) Decrease Regulatory Services' general fund (00100) revenue by \$9,223,410. Decrease Regulatory Services' special revenue fund (01900) revenue by \$360,690.

To reflect the Regulatory Services Reorganization Transition Committee changes from the Mayor's Recommended Budget, (Construction Code Services moving to Community Planning & Economic Development rather than remaining in Regulatory Services, Traffic Control remaining in Regulatory Services rather than moving to Public Works, and Environmental Health/Food moving to Health & Family Support rather than Community Planning & Economic Development) the City Council amended the Mayor's recommended budget as follows: (1) Increase Community Planning & Economic Development's general fund (00100) expense appropriation by \$5,685,386. Increase Community Planning & Economic Development's special revenue fund (01900) expense appropriation by \$359,826. Increase Community Planning & Economic Development FTE authorization by 44. (2) Increase Health & Family Support's general fund (00100) expense appropriation by \$2,385,127. Decrease Health & Family Support's other grants fund (01600) by \$231,058. Increase Health & Family Support FTE authorization by 19. (3) Decrease Public Works' general fund (00100) appropriation by \$4,642,469. Decrease Public Works' FTE authorization by 45. (4) Decrease Regulatory Services' general fund (00100) expense authorization by \$3,196,986. Decrease Regulatory Services' special revenue fund (01900) expense appropriation by \$359,826. Decrease Regulatory Service's FTE authorization by 18. (5) The Finance Department is directed to work with the Departments of Community Planning & Economic Development, Health & Family Support, Public Works, and Regulatory Services to make the appropriate adjustments at the program/cost center level to reflect these changes.

City of Minneapolis
2013 Budget
Financial Plan (in thousands of dollars)
Municipal Parking Fund - 7500

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Budget	% Chg From 2012 Budget	2014 Forecast	2015 Forecast	2016 Forecast
Source of Funds:									
Licenses and Permits	292	268	240	280	240	-14.3%	242	245	247
Charges for Service, Sales/Permits	56,278	50,572	52,193	55,353	53,623	-3.1%	54,159	54,701	55,248
Charges for Sales	1,670	1,779	1,670	1,670	1,500	-10.2%	1,515	1,530	1,545
Special Assessments	65	57	543	57	543	852.6%	543	543	543
Interest			-	-	-		-	-	-
Rents (Transportation)	3	2	4	5	4	-13.0%	4	4	4
Other Misc Revenues	8	9	46	41		-100.0%	-	-	-
<i>Total Operating Revenue</i>	<i>58,316</i>	<i>52,687</i>	<i>54,696</i>	<i>57,406</i>	<i>55,910</i>	<i>-2.6%</i>	<i>56,464</i>	<i>57,023</i>	<i>57,588</i>
Tax Increment Transfers In	5,272	7,607	7,098	7,098	6,902	-2.8%	423	423	423
Transfers In from Convention Center Fund	9,505	7,589	7,230	7,230	4,728	-34.6%	5,195	1,000	1,000
Other Transfers In			-	-	-		-	-	-
<i>Total Transfers In</i>	<i>14,777</i>	<i>15,196</i>	<i>14,328</i>	<i>14,328</i>	<i>11,630</i>	<i>-18.8%</i>	<i>5,618</i>	<i>1,423</i>	<i>1,423</i>
Proceeds of Long Term Liabilities	14,725	1,700	1,700	1,700	1,700		1,700	1,700	1,700
Total	87,818	69,583	70,724	73,434	69,240	-5.7%	63,782	60,146	60,711
Use of Funds:									
Debt Service	33,726	19,665	22,875	22,875	20,539	-10.2%	15,831	11,925	10,820
General Fund Transfer Out	7,818	7,818	7,818	7,818	7,918	1.3%	7,818	7,818	7,818
Target Arena Transfer Out	2,241	2,758	2,941	2,941	3,129	6.4%	3,323	3,523	3,728
Debt Service Transfer Out	126	42	-	-	-		-	-	-
MERF Liability Transfer Out	111	198	477	477		-100.0%			
Sanitation Transfer Out	146	146	146	146	146		146	146	146
<i>Total Transfers Out</i>	<i>10,442</i>	<i>10,962</i>	<i>11,382</i>	<i>11,382</i>	<i>11,193</i>	<i>-1.7%</i>	<i>11,287</i>	<i>11,487</i>	<i>11,692</i>
PW-Traffic & Parking	43,099	36,450	42,563	36,597	38,742	5.9%	39,129	39,521	39,916
PW-Traffic & Parking Capital	3,077	3,905	1,700	1,700	1,700		1,700	1,700	1,700
Total	90,344	70,982	78,520	72,554	72,174	-0.5%	67,947	64,633	64,128
Change in Net Assets	6,815	8,891	1,134	9,810	4,785	-51.2%	(1,182)	(5,202)	(4,178)
Net Assets	148,318	157,209	158,343	158,128	162,913	3.0%	161,731	156,529	152,351
Modified Change in Net Assets (Net Income Est)									
(-) Depreciation	6,776	6,735	6,910	6,910	6,910		6,910	6,910	6,910
(-) Proceeds of LTD	14,725	1,700							
(+) Traffic & Park Capital	3,077	3,905							
(+) Principal Paid	27,765	14,820	15,840	15,840	14,629	-7.6%	9,894	6,195	6,149
Total	52,343	27,160	22,750	22,750	21,539	-5.3%	16,804	13,105	13,059
Cash Balances	12,781	11,649	3,853	12,529	9,595	-23.4%	5,429	942	(2,475)
Notes:									
Cash Balance does not include depreciation or impact of all arbitrage funds, but does include principal paid on bonds. (Represent more of a sources and uses statement rather than an audited Net Income statement)									
Income statement was not available for projections, so the modified fund margin was used to compute retained earning to reflect the adjustment for depreciation expense and principal paid on bonds.									
Revenue and expense forecast are based on 1.0% increases respectively									
Construction cash not included in current year and projected years									
Cash balances above are actual for 2010 and 2011									