

**City of Minneapolis
2014 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 it continues to experience financial challenges due to remaining debt levels and funding commitments to other City functions. The fund generates positive retained earnings and is capable of satisfying its debt service while restoring its productive assets. The Parking Fund has benefitted from local sales tax revenues and tax increment and abatement revenues in the past to supplement debt service on ramps tied to the Convention Center and other development projects, but these sources will be reduced in the future because the corresponding debts have been paid off. The fund still retains financial commitments to other funds in the form of transfers or dividend payments which may lead to cash balances being lower than financial policy goals.

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 received local sales tax transfers of \$7.7 million in 2012 from the Minneapolis Convention Center to pay debt service and operating costs for Convention Center related parking facilities. The fund also received tax increment transfers of \$4.7 million in 2012 to pay part of major development projects in the downtown area. For 2014 and beyond there will be significantly less debt service owed for these functions and therefore only a small amount of tax increment revenue will be received by the Parking Fund. Sales tax revenue will be deposited into the General Fund in 2014 instead of the Convention Center fund. Operations and maintenance costs for the Convention Center ramps will be managed by reducing the transfers from the Parking Fund to the General Fund to offset the loss of revenue transferred from the Convention Center.

For historical trends, the 2011 and 2012 operating revenues and expenses are presented in the 2014 Parking Fund budget chart (see following pages). Increases in revenues and expenses for 2012 can be attributed to newly installed parking meters

The Parking Fund cash balance for year 2012 was \$7.7 million. The parking system creates a positive cash flow from parking operations. Based on current and proposed budgets, the Parking Fund cash balance will remain positive while decreasing slightly from current levels. Commitments for fund transfers out of the Parking Fund may result in a negative cash position in future years.

2014 Budget

Revenues

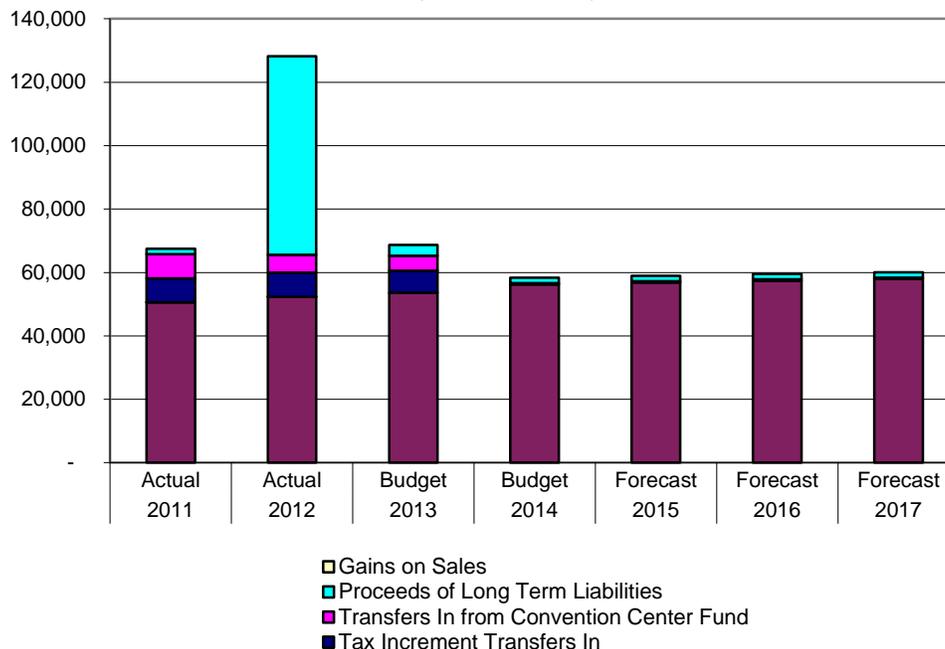
The parking system operating revenue budget for 2014 increased 2.1% to \$58.6 million from \$55.9 million budgeted for 2013. The 2014 revenue budget incorporates an increase in on-street revenues due to implementation of new smart-meters and associated operational changes, a decrease in impounding revenues 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 (2014)	
Utilization Percentage in 2012	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 and the Financial Overview Section.

Parking Fund Revenues

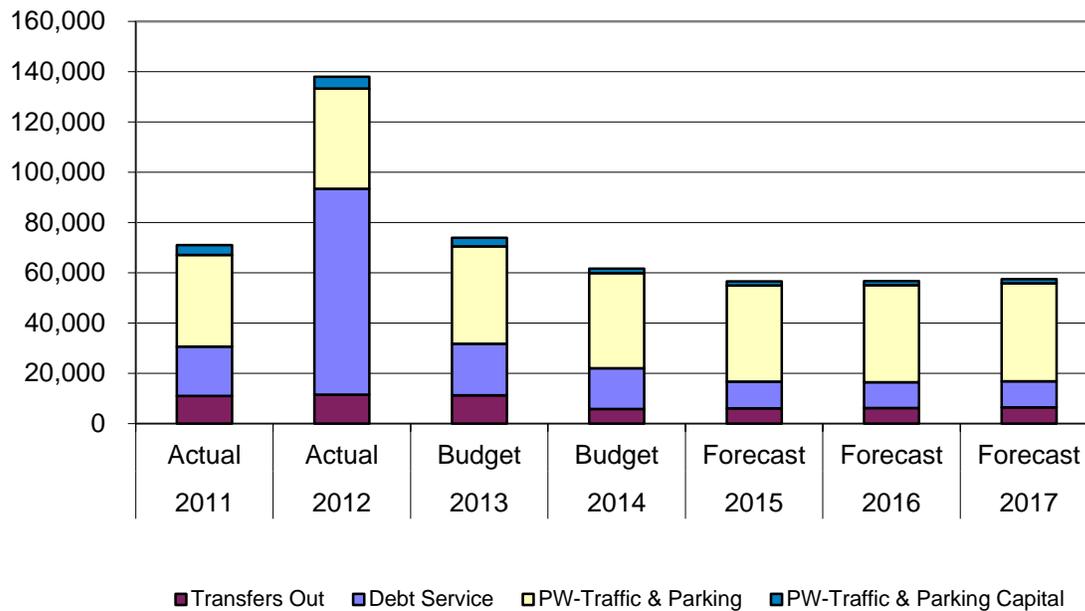
(in thousands of dollars)



Expenditures

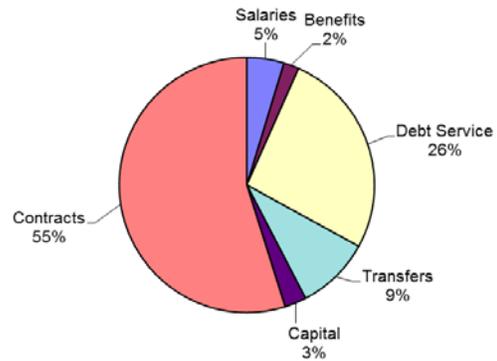
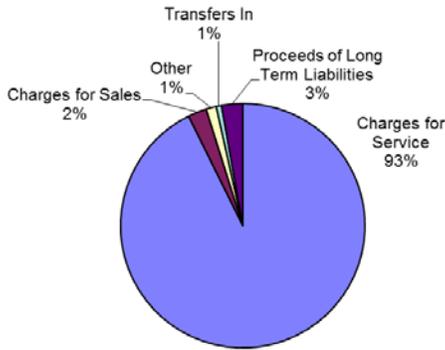
The parking system operating budget for 2014 stands at \$37.9 million which is a decrease of 2.2% from 2013 budgeted expenditures. The decrease for 2014 is due to a combination of operational efficiencies attained through automation and centralization, removal of one time charges associated with automation 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 2014 is set at \$1.7 million, the same level as 2013, due to on-going repair and improvement work in the City-owned parking facilities.

Parking Fund Expenditures
(in thousands of dollars)



Source of Funds
(\$60.7 million)

Use of Funds
(\$61.6 million)



Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is \$14.0 million for 2014. A portion (\$5.6 million) of this debt service cost will be funded by a \$0.42 million transfer from tax increment funding and by savings resulting from a reduction in the amount of transfers out to the general fund of \$5.2 million versus 2013. For 2014 and beyond, only tax increment transfers will be received by the Parking Fund. The final Convention Center related parking ramp debt (other than major maintenance repairs) will be retired in 2014.

Transfers

Beginning in 2014, local sales tax revenues are no longer deposited directly to the Convention Center, but rather to the General Fund. Subsequently, the transfer of funds from the Convention Center to the Parking Fund is eliminated, along with a corresponding reduction in the transfer of funds from the Parking Fund to the General Fund. The result is no net impact to the Parking Fund. The transfer to the Target Center Arena Fund increases in 2014 to \$3.3 million compared to at \$3.1 million, 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.

City of Minneapolis
2014 Budget
Financial Plan (in thousands of dollars)

Municipal Parking Fund - 7500

	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Budget	% Chg From 2013 Budget	2015 Forecast	2016 Forecast	2017 Forecast
Source of Funds:									
Licenses and Permits	268	317	240	272	275	12.9%	278	281	283
Charges for Service, Sales/Permits	50,572	52,285	53,627	53,719	56,257	4.9%	56,820	57,388	57,962
Charges for Sales	1,779	1,411	1,500	1,500	1,500		1,515	1,530	1,545
Special Assessments	57	57	543	1,875	543		543	543	543
Interest	-	-	-	-	-		-	-	-
Rents (Transportation)	2	2	-	-	-		-	-	-
Other Misc Revenues	9	10	-	-	-		-	-	-
Total Operating Revenue	52,687	54,082	55,910	57,366	58,575	2.1%	59,155	59,741	60,333
Tax Increment Transfers In	7,607	7,703	6,901	6,901	424	-93.9%	423	423	423
Transfers In from Convention Center Fund	7,589	5,580	4,727	4,727	-	-100.0%	-	-	-
Other Transfers In		886		-	-		-	-	-
Total Transfers In	15,196	14,169	11,628	11,628	424	-96.4%	423	423	423
Proceeds of Long Term Liabilities	1,700	62,610	3,400	3,400	1,700	-50.0%	1,700	1,700	1,700
Total	69,583	130,861	70,938	72,394	60,699	-14.1%	61,278	61,864	62,456
Use of Funds:									
Debt Service	19,665	81,977	20,539	20,539	16,214	-21.1%	10,628	10,171	10,335
General Fund Transfer Out	7,818	7,818	7,918	7,918	2,323	-70.7%	2,323	2,323	2,323
Target Arena Transfer Out	2,758	2,941	3,129	3,129	3,323	6.2%	3,523	3,728	3,940
Debt Service Transfer Out	42	47	-	-	-		-	-	-
MERF Liability Transfer Out	198	477	-	-	-		-	-	-
Sanitation Transfer Out	146	146	146	146	146		146	146	146
Total Transfers Out	10,962	11,429	11,193	11,193	5,792	-48.3%	5,992	6,197	6,409
PW-Traffic & Parking	36,450	39,861	38,742	38,195	37,883	-2.2%	38,262	38,644	39,031
PW-Traffic & Parking Capital	3,905	4,737	3,400	3,400	1,700	-50.0%	1,700	1,700	1,700
Total	70,982	138,004	73,874	73,327	61,589	-16.8%	56,582	56,712	57,475
Change in Net Assets	8,891	5,559	4,788	6,791	3,089	-25.0%	3,230	4,216	4,441
Net Assets	157,198	162,757	167,545	163,989	167,078	-0.3%	170,308	174,524	178,965
Modified Change in Net Assets (Net Income Est)									
(-) Depreciation	6,735	6,905	6,905	6,905	6,905		6,905	6,905	6,905
(-) Proceeds of LTD	1,700	62,610	3,400	3,400	1,700	-50.0%	1,700	1,700	1,700
(+) Traffic & Park Capital	3,905	4,737	3,400	3,400	1,700	-50.0%	1,700	1,700	1,700
(+) Principal Paid	14,820	77,480	14,629	14,629	10,884	-25.6%	5,439	5,969	6,364
Total	27,160	151,732	28,334	28,334	21,189	-25.2%	15,744	16,274	16,669
CAFR Cash Balances									
Cash Balances	11,649	7,729	4,793	6,796	5,906	-13.1%	10,602	15,754	20,736

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 2011 and 2012