



## Request for City Council Committee Action from the Department of BIS

Date August 10, 2009

To: The Honorable Paul Ostrow, Chair, Ways and Means Committee

Subject: Presentation of current revenues and forecasts of the BIS Department.

Recommendation Receive and file.

Prepared by Robert Arko, Contract Administrator, 673-3984

Submitted by Lynn Willenbring \_\_\_\_\_, 673-2927  
Chief Information Officer

Approved by Steven Bosacker \_\_\_\_\_  
City Coordinator

Presenter in Committee Lynn Willenbring

Policy Review Group  Not Applicable

Permanent Review Committee (PRC) Approval  Not Applicable

Financial Impact: Not applicable.

<p><b>Financial Impact</b> (Check those that apply)</p> <p><input checked="" type="checkbox"/> No financial impact (If checked, go directly to Background/Supporting Information)</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Capital Budget</p> <p><input type="checkbox"/> Action requires an appropriation increase to the Operating Budget</p> <p><input type="checkbox"/> Action provides increased revenue for appropriation increase</p> <p><input type="checkbox"/> Action requires use of contingency or reserves</p> <p><input type="checkbox"/> Other financial impact (Explain):</p> <p><input checked="" type="checkbox"/> Request provided to department's finance contact prior to the Committee Coordinator</p>
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## **Background/Supporting Information**

The Business Information Services Department has been identified as one of the departments that under-realized its budgeted revenues in 2008 and as such, is required to report to the Ways & Means Committee on its current and projected revenues for the year 2009 as part of the City's Financial Policy.

The under revenue-realization of the department in 2008 was linked to a timing issue of BIS incurring expenses and realizing revenues within its Project Management Office. This amounted to a revenue shortfall of \$849,823. The revenues related to these end-of-year expenses have subsequently been realized in 2009.

The attached Statements of Revenues and Expenses help illustrate the financial position of BIS regarding revenues, both current and projected. BIS budgeted revenues for 2009 are \$30,011,868. Its current operating revenues collected as of June 30, 2009 was \$16,564,333. BIS has realized 55% of its budgeted revenues half-way through the year.

Projected revenue anticipates BIS will realize \$33,128,666 in 2009, which is 10% more than its budgeted operating revenue of \$30,011,868.

**City of Minneapolis, Minnesota**  
**Intergovernmental Services Fund**  
**Statement of Revenues and Expenses**  
**For Second Quarter/Years Ending 2009, 2008 and 2007**

	Budget Current Year 2009	Projected Year 2009	For Period Ending 30-Jun-09	For Year Ending 2008	For Period Ending 30-Jun-08	For Year Ending 2007	For Period Ending 30-Jun-07
<b>Operating Revenues:</b>							
Charges for Service:							
BIS - PMO	5,208,331	7,761,022	3,880,511	13,110,193	5,526,914	14,786,540	7,706,422
BIS-Telecom	3,171,109	2,932,812	1,466,406	3,014,661	1,541,669	5,774,633	2,396,593
BIS - Operating-other	20,591,023	21,714,016	10,857,008	19,895,809	9,565,885	14,113,515	6,326,685
CC-Mailing Services	415,930	262,236	131,118	573,987	93,752	592,115	256,527
CC-Copy Services	625,475	458,580	229,290	504,543	216,499	623,486	364,703
Human resources	-	-	-	150	150	-	-
<b>Total Operating Revenues</b>	<b>30,011,868</b>	<b>33,128,666</b>	<b>16,564,333</b>	<b>37,099,343</b>	<b>16,944,870</b>	<b>35,890,289</b>	<b>17,050,930</b>
<b>Operating Expenses:</b>							
BIS - PMO	5,208,331	7,982,236	3,991,118	13,351,795	7,110,874	17,414,577	9,453,188
BIS - Telecom	2,066,820	1,816,972	908,486	2,153,173	900,961	1,641,475	777,359
BIS - Operating-other	22,523,704	21,280,320	10,640,160	24,691,613	9,475,509	19,558,478	7,719,054
CC-Mailing Services/Data Center	576,527	463,424	231,712	627,318	295,015	677,378	301,215
CC-Copy Services	624,975	631,018	315,509	547,795	262,851	670,010	331,372
Human resources	301,899	147,007	73,504	190,173	60,358	198,123	44,280
<b>Total Operating Expenses</b>	<b>31,302,256</b>	<b>32,320,977</b>	<b>16,160,489</b>	<b>41,561,867</b>	<b>18,105,568</b>	<b>40,160,041</b>	<b>18,626,468</b>
<b>Operating Margin</b>	<b>(1,290,388)</b>	<b>807,689</b>	<b>403,845</b>	<b>(4,462,524)</b>	<b>(1,160,698)</b>	<b>(4,269,752)</b>	<b>(1,575,538)</b>
<b>Non-Operating Revenues/(Expenses)</b>							
Gains (Losses)	-	-	-	-	-	-	-
Depreciation	(2,412,783)	(2,412,783)	(1,206,392)	(2,412,783)	(1,196,580)	(2,441,971)	(1,196,580)
Interest on Bonded Debt	(1,646,651)	(1,646,651)	(823,326)	(1,593,997)	(812,382)	(1,672,782)	(833,482)
Other Non Operating Income (Expense)	-	-	-	-	-	-	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,059,434)</b>	<b>(4,059,434)</b>	<b>(2,029,717)</b>	<b>(4,006,780)</b>	<b>(2,008,962)</b>	<b>(4,114,753)</b>	<b>(2,030,062)</b>
<b>Operating Transfer In (Out)</b>							
Transfers from other fund	15,419,201	15,419,201	7,709,601	11,762,368	5,885,500	15,036,269	9,482,015
Transfers to other fund	(212,000)	(212,000)	(106,000)	(295,624)	(96,000)	(177,030)	(88,515)
<b>Total Operating Transfers</b>	<b>15,207,201</b>	<b>15,207,201</b>	<b>7,603,601</b>	<b>11,466,744</b>	<b>5,789,500</b>	<b>14,859,239</b>	<b>9,393,500</b>
<b>Net Income</b>	<b>9,857,379</b>	<b>11,955,456</b>	<b>5,977,728</b>	<b>2,997,440</b>	<b>2,619,840</b>	<b>6,474,734</b>	<b>5,787,900</b>
<b>Significant Balance Sheet Items</b>							
Cash				93,865		(1,885,745)	(7,794,028)
Work-in-progress			21,070,901	21,070,901	25,826,000	24,913,697	21,127,142
Interfund Loans			(10,114,051)	(10,114,051)	(10,114,051)	(10,114,051)	(10,921,467)
Bonds Payable			(34,415,000)	(34,574,725)	(34,660,000)	(34,759,138)	(35,888,877)
Deferred Income			(4,358,018)	(4,608,536)	(3,601,739)	(4,182,529)	(4,202,901)
<b>Significant Cash Flow Items</b>							
Principal on Bonds	(8,690,000)	(8,690,000)	(4,345,000)	(1,805,000)	(902,500)	(2,565,000)	(1,282,500)

**City of Minneapolis, Minnesota**  
**Intergovernmental Services Fund**  
**Statement of Revenues and Expenses**  
**For Fourth Quarter/Years Ending 2008, 2007 and 2006**

	Budget Current Year 2008	For Year Ending 2008	For Year Ending 2007	For Year Ending 2006
<b>Operating Revenues:</b>				
Charges for Service:				
BIS - PMO	14,016,062	13,110,193	14,786,540	14,523,182
BIS-Telecom	2,949,544	3,014,661	5,774,633	6,382,488
BIS - Operating-other	19,972,854	19,895,809	14,113,515	12,836,673
CC-Mailing Services/Data Center	495,400	573,987	592,115	461,425
CC-Copy Services	515,306	504,543	623,486	914,431
Human resources	-	150	-	-
<b>Total Operating Revenues</b>	<b>37,949,166</b>	<b>37,099,343</b>	<b>35,890,289</b>	<b>35,118,198</b>
<b>Operating Expenses:</b>				
BIS - PMO	13,740,822	13,351,795	17,414,577	15,206,006
BIS - Telecom	2,008,257	2,153,173	1,641,475	1,628,910
BIS - Operating-other	24,708,014	24,691,613	19,558,478	17,742,917
CC-Mailing Services/Data Center	659,532	627,318	677,378	455,598
CC-Copy Services	606,036	547,795	670,010	790,217
Human resources	246,697	190,173	198,124	195,437
<b>Total Operating Expenses</b>	<b>41,969,358</b>	<b>41,561,867</b>	<b>40,160,041</b>	<b>36,019,085</b>
<b>Operating Margin</b>	<b>(4,020,192)</b>	<b>(4,462,524)</b>	<b>(4,269,752)</b>	<b>(900,887)</b>
<b>Non-Operating Revenues/(Expenses)</b>				
Gains (Losses)	-	-	-	(31,852)
Depreciation	(2,412,783)	(2,412,783)	(2,441,971)	(3,962,907)
Interest on Bonded Debt	(1,624,763)	(1,593,997)	(1,672,782)	(2,038,485)
Other Non Operating Income (Expense)	-	-	-	(4,041)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(4,037,546)</b>	<b>(4,006,780)</b>	<b>(4,114,753)</b>	<b>(6,037,285)</b>
<b>Operating Transfer In (Out)</b>				
Transfers from other fund	11,771,000	11,762,368	15,036,269	10,570,193
Transfers to other fund	(192,000)	(295,624)	(177,030)	(57,349)
<b>Total Operating Transfers</b>	<b>11,579,000</b>	<b>11,466,744</b>	<b>14,859,239</b>	<b>10,512,844</b>
<b>Net Income</b>	<b>3,521,262</b>	<b>2,997,440</b>	<b>6,474,734</b>	<b>3,574,672</b>
<b>Significant Balance Sheet Items</b>				
Cash		93,865	(1,885,745)	(1,661,324)
Work-in-progress		21,070,901	24,913,697	13,040,241
Interfund Loans		(10,114,051)	(10,114,051)	(14,548,952)
Bonds Payable		(34,574,725)	(34,759,138)	(35,775,000)
Deferred Income		(4,608,536)	(4,182,529)	(5,755,117)
<b>Significant Cash Flow Items</b>				
Capital Outlay				(8,325,000)
Principal on Bonds		(1,805,000)	(2,565,000)	(8,325,000)