

Minneapolis Community Development Agency

Request for City Council Action

Date: November 14, 2002

To: Council Member Lisa Goodman, Community Development Committee
Council Member Barbara Johnson, Ways and Means/Budget Committee

Prepared by Jim Forsyth, Phone 612-673-5179

Approved by Chuck Lutz, MCDA Interim Executive Director _____

Subject: Approval of Upper Harbor Terminal Operating Budget for 2003

Previous Directives: In 1991 the City Council authorized the MCDA to enter into an Operating Agreement with River Services Inc to manage and operate the City's Upper Harbor River Terminal. That contract was renewed in 1992, 1995 and 2000.

Ward: 3

Neighborhood Group Notification: Not applicable

Consistency with *Building a City That Works*: Not applicable

Comprehensive Plan Compliance: Not applicable

Zoning Code Compliance: Consistent

Impact on MCDA Budget: (Check those that apply)

No financial impact

Action requires an appropriation increase to the MCDA Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain): River Terminal revenues, after deducting City Expenses, are projected to be \$240,616.

Living Wage / Business Subsidy: Not applicable

Job Linkage: Not applicable

Crown Roller Mill,
105 Fifth Ave. S., Suite 200
Minneapolis, MN 55401-2534
Telephone: (612) 673-5095
TTY: (612) 673-5154
Fax: (612) 673-5100
www.mcda.org

Affirmative Action Compliance: River Services Inc. has an approved Affirmative Action Plan

RECOMMENDATION:

City Council Recommendation: The Interim Executive Director recommends that the City Council approve the attached River Terminal Operating Budget for 2003.

Background/Supporting Information

The City has owned and in one form or another, operated the Upper Harbor River Terminal since the early 1960's. In 1991, following a lawsuit with the previous operator, the City and MCDA entered into an operating agreement with River Services Inc. (RSI). The City's operating agreement with River Services Inc.(RSI), the operator of the Terminal has been renewed in 1992, 1995 and 2000.

Article VI of the "Operating Agreement Between City of Minneapolis and River Services Inc." requires that the Operator (RSI) submit to the City a budget itemizing expenses for the ensuing year and City approval is required before those expenses can be incurred. Items to be included in the estimated budget are identified in Section 6.01 and include those for normal operations, repairs and maintenance, building repairs and improvements, replacement of equipment, advertising and other necessary expenses. Additionally, the Operator is to submit an estimate of revenues from operation of the Terminal.

Attached to this report are an itemized estimated budget for 2003 and an estimate of the Terminal revenues for 2003. Also included is an estimate of the net revenues (gross revenues minus operating costs and management fee) of the Terminal exclusive of City and MCDA administrative costs.

Recommendation

The Interim Executive Director recommends that the City Council approve the attached River Terminal Operating Budget for 2003.

Upper Harbor Terminal 2003 Operating Expenses

Payroll Wages and Taxes	1,276,337
Temporary Help	26,000
Pension Overhead and Gen. Admin.	229,741
Workers Comp	140,397
General Insurance	43,868
Health and Disability Insurance	88,464
Boat Insurance	33,828
Professional Services	27,600
Annual Audit	7,000
Barge Surveying	12,000
Freight Charges	1,000
Supplies-office	18,000
Supplies-shop	7,992
Supplies-safety	12,000
Postage/Delivery	3,325
Travel/Auto Expense	3,996
Dues & Subscriptions	1,515
Licenses & Permits	3,490
Utilities-electricity	114,000
Telephone	13,992
Security	15,000
Rent-equipment	38,000
Repairs & Maintenance	600,187
Building Expenses	0
Demurrage	9,000
Marketing	2,600
Bad Debt	0
Miscellaneous	5,040
Contingency	0
TOTAL OPERATING EXPENSES	\$2,734,372

Exhibit 1

River Terminal 2003 Projected Revenues

COMMODITY	PROJECTED REVENUE
Dredged Sand	161,000
Twine	335,000
Pipe/Granite	2,400
Steel	400,000
Fertilizer	180,000
Coal	345,000
Harbor Service	180,000
Grain Service	15,000
Rail Service	8,800
Magnetite	140,000
Elevator	191,000
Grain Direct	280,000
Salt	75,000
16&8 thousand ton storage domes	500,000
12&2 thousand ton storage domes	300,000
Miscellanies Handling	8,000
Aggregate	52,100
Miscellaneous	700
Truck Scale	<u>1,800</u>
	\$3,175,800

Exhibit 2

**River Terminal
Projected
Revenues and Expenses
2003**

Gross Revenues	\$3,175,800
Operating Expenses	\$2,734,372
Management Fee (to RSI)	\$160,212
City Expenses	\$40,600
Net Revenue	\$240,616

Exhibit 3