City of Minneapolis
FY 2005
Financial Plan

Municipal Parking Fund

This fund accounts for the operation and maintenance of parking ramps, lots, on-street parking, a municipal impound lot, and traffic/parking control. Major parking-related capital construction and development activities also occur in this fund.

Historical Financial Performance

Due to economic conditions and high office vacancy rates, actual revenue performance has been less than the annual forecast. Major street reconstruction and Light Rail Transit construction activities also impacted the performance by restricting access to many of the facilities. Prior to 2001, revenues exceeded projections. This was attributed to a sound economy and weather conducive to greater use of ramps (in cold and snowy weather more people use the ramps).

The Public Works Department has prepared a comprehensive business plan for the Parking Fund, with the assistance of the Finance Department. This plan was released in conjunction with the other Public Works business plans and addresses strategies for managing and responding to a growing municipal parking system.

The financial condition of the Parking Fund has historically been stable, but it is projected to present a future financial challenge for the City if cash outflows continue to exceed the inflows. While the Fund currently generates a positive fund margin, fund-operating income is used not only to provide for the restoration of its productive assets (ramps) but is also committed to substantial debt service. The Parking Fund makes substantial annual contributions to General Fund ($9.8 million for year 2004) and to Target Center Arena ($1.6 million for year 2004).

Rather than using equity to fund part of the capital cost of ramps, it has historically been financed 100% by debt. Besides servicing the debt on its own balance sheet, the fund receives transfers from the Convention Center Special Revenue Fund ($8.4 million in year 2004) to pay its share of debt service on Convention Center related parking facilities. The fund also receives transfers from tax increment and abatement revenue to pay part of major downtown development projects ($6.8 million in year 2004).

The Finance Department will continue to monitor the financial condition of the fund on a regular basis and inform the Mayor and City Council of any changes in condition. The City Council adopted a workout plan for this fund, which will be discussed later.

Current Year to Date / End of Year Financial Performance

Revenues

The revenues for 2003 were budgeted at $59.8 million. Actual revenues for the year were $53.4 million. The variance is partly due to two additional ramps, 11th & Harmon and Vineland Place, which were included in 2003 budget but were only partial contributors to actual revenues since these two ramps went into operations in the third and the fourth quarters of 2003. Revenues from towing and on-street meters were up from 2002 level by $479,000. Off-street parking, for both City- and State-owned facilities, show a decline of $994,000.

Operating revenue for 2004 is budgeted at $57.2 million and projection for the year is $54.4 million. Revenues for 2nd quarter were at $28.6 million, almost 50% of the budget. This is an increase of 7% over 2nd quarter of 2003. Revenues from on-street parking and towing are up by 4% and 28% respectively. Increase in towing revenues is the result of an increase in rate charged per vehicle and the increase in number of vehicles towed. Off-street parking has shown an increase of $803,000 from a year ago. The increases in on-street as well as off-street parking revenues can be attributed, in part, to the Metro Transit bus strike resulting in increased use of the facilities.

Expenditures

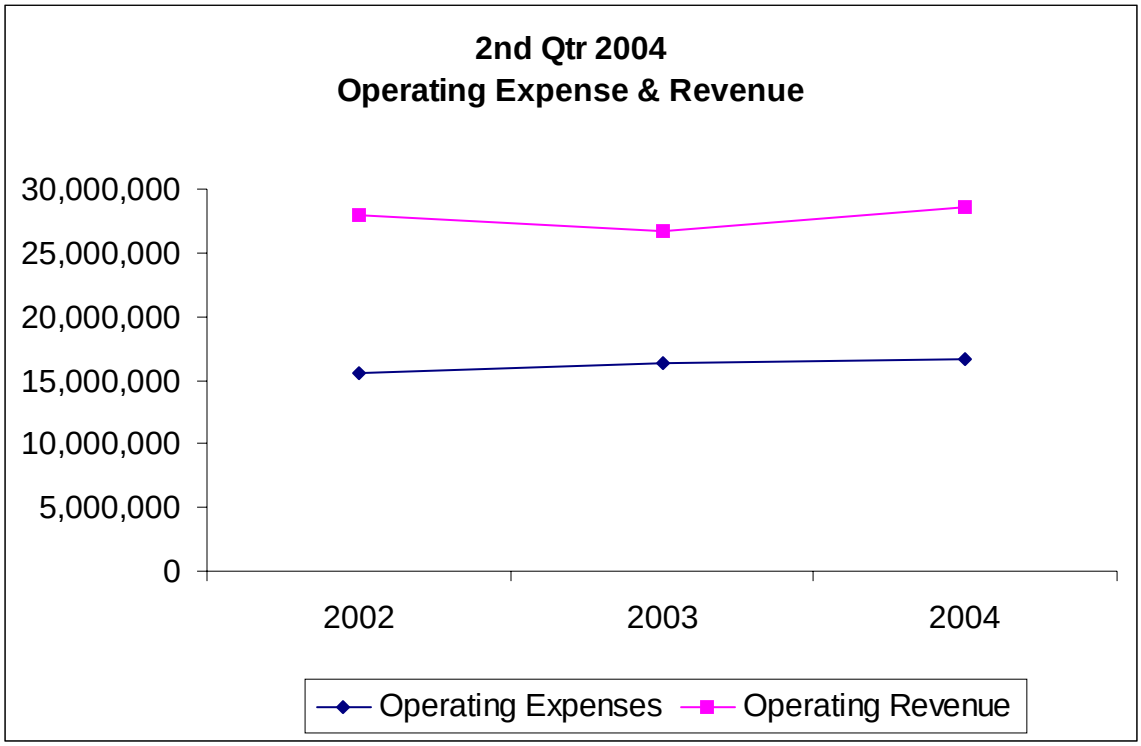
In 2003, operating expenses were budgeted at $39.4 million and were projected to be $36.3 million based on 2001 and 2002. Actual expenses for the year, however, were at $44.5 million due to $8 million payment to the State for accumulated excess revenues of TAD ramps. New contract with tow companies raised expenses for the impound lot. To meet the increase in expense, impound lot has increased its rates.

Second quarter operating expenditures for 2004 were at $16.6 million, 39% of the budget which is listed at $43.1 million. This is an increase of 2.4% over the 2nd quarter expense figures of 2003. New tow contracts related to impound lot and two additional ramps in the parking system, Vineland Place and 11th & Harmon, have contributed to increase in expenditures.

Cash Position

Based on current and proposed budgets, operating cash balances are going to continue to decrease, especially for cash related to the City system. The parking system is creating a positive cash flow from its operations, but with transfers out to other funds, the City-owned facilities have a negative cash flow.

The General Fund and Target Center Arena Fund are non-parking related activities financed by the parking fund. Interest payments toward the debt service along with non-parking related transfers are contributing factors to the negative cash flow. At the end of 2003, City's parking system was in a negative cash position. The cash balance of the City System is projected to decrease from negative $8.2 million to negative $18.4 million in 2004. This is primarily due to insufficient increase in operating revenue to cover the ongoing annual transfers to General Fund and payments towards debt services.



2005 Budget

Revenues

The revenues for 2005 in the operating budget are anticipated to decrease by 3.5% from $57.6 million to $55.6 million. The actual reduction in the current meter, impound lot, Sate- and City-owned ramps totals $2.2 million. Revenues are projected to increase $675,000 with the addition of Guthrie Ramp and Mill Quarter Ramp. With the inclusion of the new facilities the total net change in revenue is proposed to decrease by $1.6 million. Parking rate projections are conservative estimates provided by Public Works that have been adjusted based on actual revenues that should reflect market demands. The change in on-street Parking is increase of $203,000 vs. the $1.96 million decrease in 2004.

Non-operating revenues consist of interest revenue that is generated by investment earnings that shows up as revenue but transferred to the general fund. Special assessment revenue is received from the county for assessments received on payments made by business' to reimburse part of the capital expenses for the construction of the Lyn-Lake Lots that helped them meet minimum parking requirements.

Expenditures

The 2005 current service level operating expenditure budgets for Public Works Transportation, Human Resources, Finance and Licenses & Consumer Services has increased by 1.8% from $43.1 to $44 million. This is due to average personnel increases of around 2% and non-personnel Citywide increases of 1.47% based on an inflationary index. Interest expense is a non-operating expense that is projected to total $13.1 million for 2005, consisting of both fixed and variable rate bond debts.
The capital budget was decreased from the Mayor's recommended budget by $712,000 due to the project already appropriated in 2004. The City Council increased the Mayor's recommended budget by $40,000 for a residential parking program.

Transfers

The transfer to the General Fund is proposed to decrease from $9.8 to $8.8 million. Transfers to the Target Center Arena Fund are proposed to increase from $1.6 million to $1.8 million based on the revised finance plan approved in 2000. This transfer has been coming out of net assets generated by City parking revenues and not the event revenue generated by the State-owned TAD garages. The garages owned by the State of Minnesota have reached the breakeven point and have positive retained earnings that will be transferred to State on a monthly basis. The ongoing annual operating transfer of $146,000 to sanitation has been established to fund the bus shelter litter containers.

Transfers from other funds for debt service payments for Convention Center related parking facilities were paid off with a state grant in 2002 and the transfers in from sales tax revenue and out to the long-term debt account group are continuing with a 2005 estimate of $8.24 million. Based on various construction facility finance plans where tax increment and abatement were a revenue source it is estimated that $5.89 million will be transferred for debt service from CPED. The following is a breakdown of the $5.89 million in transfers by facility: $4,704,858 for LaSalle @ 10th Ramp, $463,626 for East LRT Ramp, $650,000 for the Hennepin at 10th Ramp, and $75,449 for 10th and Washington Ramp.

Debt Service

The debt service payable, including principal and interest, in 2005 is $26 million. The debt service is related to bonds issued for construction of municipal parking ramps, which will continue to grow as new facilities are added to the system. Debt service for

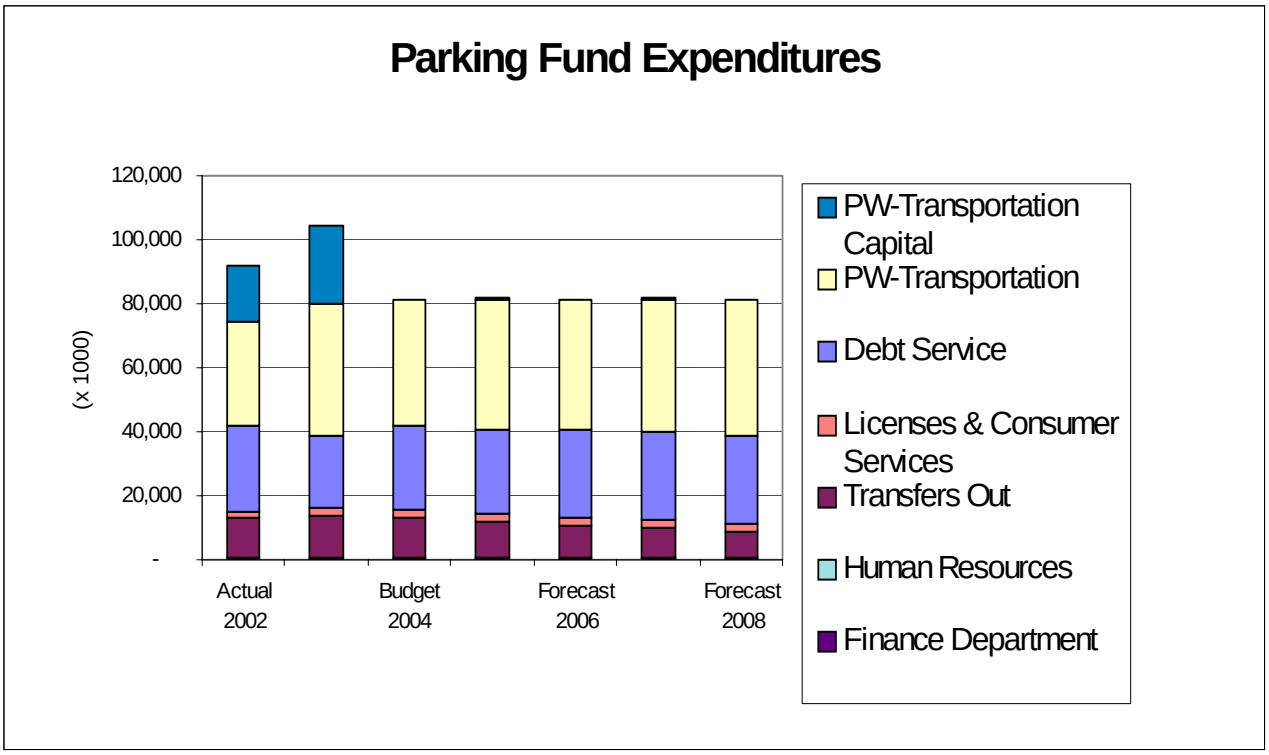
2005 includes bonds issued to cover the cost of condemnation, land and building costs that are reimbursed from tax increment revenue and sales tax proceeds for projects that had these financing sources identified in their original construction finance plans. The estimate for 2005 to be transferred in from the Convention Center Fund is $8.24 million. The estimated transfer in from tax increment and abatement revenue is $6.9 million.

Workout Plan Strategy

The Parking Fund's financial condition, if not addressed, was expected to decline to a cash deficit of $69.2 million by 2010. In response to this projection, the City adopted a financial and operational workout plan containing the following strategies:

1. Operational strategies designed to cut operating expenses, improve the marketability of the ramps and increase operating revenues;
2. Increasing the amount of variable rate debt within the fund to take advantage of extremely low interest rates;
3. Reduction of the current and future transfers to the General Fund;
4. Transfer excess General Fund reserve to the Parking Fund, when available; and
5. Evaluate the possibility of certain off-street parking ramps; if doing so would improve the financial condition of the fund.

Increase transfers from the Convention Center to the Parking Fund; subject to the financial condition of the Convention Center. The transfers would be used to defray debt service, operating and maintenance costs for Convention Center related parking facilities.



City of Minneapolis
FY 2005 Budget
Financial Plan (in thousands of dollars)

Municipal Parking Fund 7500

	2002 Actual	2003 Actual	2004 Budget	2004 Projected	2005 Budget	% Chg from 2004	2006 Forecast	2007 Forecast	2008 Forecast
Source of Funds:									
Licenses and Permits	193	192	155	155	193	24.5%	196	199	202
State Government	-	296	-	-			-	-	-
Charges for Service, Sales & Permits (Trans	52,729	51,613	56,456	53,692	54,390	-3.7%	55,206	56,034	56,874
Charges for Sales	1,063	1,185	1,001	1,001	1,001		1,016	1,031	1,047
Special Assessments	159	156	133	133	133	0.4%	99	99	99
Interest	-	1	-	-	1		1	1	1
Gains	-	(1,035)	-	-	-		-	-	-
Rents (Transportation)	131	123	3	3	3		3	3	3
Other Misc Revenues	455	62	1	1	1		1	1	1
Tax Increment Transfers In	5,845	5,342	6,778	6,778	6,915	2.0%	8,242	8,283	7,936
Sales Tax Transfers In	8,235	9,097	8,365	8,365	8,244	-1.4%	8,391	8,594	8,932
Arbitrage Transfers In									
Total Transfers In	*14,080*	*14,440*	*15,143*	*15,143*	*15,159*	*0.1%*	*14,383*	*16,633*	*16,877*
Proceeds of Long Term Liabilities	19,122	23,082	-	-			-	-	-
Total	87,932	90,115	72,891	70,128	70,881	-2.8%	73,155	74,245	75,095
Use of Funds:									
Debt Service	26,644	22,747	25,880	25,880	26,241	1.4%	27,288	27,678	27,489
General Fund Transfer Out	10,575	10,890	9,800	9,800	8,800	-10.2%	7,800	6,800	5,800
Target Arena Transfer Out	1,335	1,470	1,620	1,620	1,768	9.1%	1,921	2,079	2,241
Debt Service Transfer Out (Mann Areaways)	158	287	275	275	252	-8.2%	12		
Internal Service Funds Tranfers Out	91	76	77	77					
MERF Liability Transfer Out			128	128	94	-27.2%	95	97	99
Sanitation Transfer Out	146	146	146	146	146		146	146	146
Parkboard Transfer Out	-		-	-					
Total Transfers Out	*12,305*	*12,869*	*12,046*	*12,046*	*11,060*	*-36.5%*	*9,975*	*9,122*	*8,286*
PW-Transportation	32,943	41,357	39,424	36,018	40,946	3.9%	41,560	42,184	42,816
Human Resources		225	228	228			234	239	244
Finance Department	532	578	594	594			-	-	-
Licenses & Consumer Services	2,137	2,395	2,833	2,833	2,997	5.8%	2,541	2,592	2,644
PW-Transportation Capital	17,355	24,085	180	180	30	100%	35	40	35
Total	91,916	104,256	81,185	77,779	81,273	0.1%	81,634	81,855	81,515
Fund Margin									
TAD (State Owned) Ramps	2,985	(5,508)	845	2,526	355	-58%	316	276	234
City Ramps and Lots	(6,969)	(8,633)	(9,139)	(10,177)	(10,747)	17.6%	(8,795)	(7,885)	(6,654)
(1) Total	(3,984)	(14,141)	(8,294)	(7,652)	(10,392)	25.3%	(8,478)	(7,609)	(6,420)
Retained Earnings									
TAD (State Owned) Ramps	12,019	6,511	7,356	9,037	9,392	27.7%	9,708	9,984	10,219
City Parking System	16,542	1,591	(2,582)	(3,620)	(8,447)	227.1%	(8,921)	(7,395)	(4,123)
Total	28,561	8,102	4,774	5,416	945	-80.2%	788	2,589	6,096
Cash Balances									
TAD (State Owned) Ramps	12,523	7,015	7,860	9,541	9,896	25.9%	10,212	10,488	10,723
City System Construction Cash (2)	22,799	16,787		-	-		-	-	-
City System Op Cash	1,375	(8,233)	(17,372)	(18,411)	(29,158)	67.8%	(37,953)	(45,838)	(52,492)
Total	36,697	15,569	(9,512)	(8,870)	(19,262)	102.5%	(27,740)	(35,350)	(41,769)

City of Minneapolis
FY 2005
Financial Plan

Solid Waste and Recycling Fund

Background

This fund accounts for solid waste collection and disposal/recycling activities for the City. The Solid Waste Division of the Public Works Department provides weekly trash and yard-waste pickup, bi-weekly recycling pickup and operates a solid waste transfer station for over 100,000 households.

Funding for solid waste and recycling activities are provided mainly from sanitation fees and partly from sources such as Hennepin County Grants, recyclable sales, and charges for other services. City crews provide approximately one-half of the solid waste collection service and the other half of the service is provided through a contract with a consortium of companies specializing in waste collection.

Historical Financial Performance

The overall financial condition of the Solid Waste Fund is positive as a result of management practices and scheduled annual rate increases for the sanitation fee. The net assets for this fund at the end of year 2003 were $16.4 million, as compared to $13.2 million at year-end 2002.

The Solid Waste fund has been partially updating its fleet on a yearly basis. In 2002, two recycling units, one side loader for litter containers, and three sanitation trucks were purchased.

2004 Financial Performance

In 2004 revenues from charges for services are projected to be $26.8 million or $700,000 more than the budged $26.1 million.

Expenses for the Public Works cost center are projected to be slightly under the $25.8 million budget at $25.7 million.

2005 Budget

Revenues

For 2005, no Solid Waste and Recycling rate increase is recommended. The monthly rate will remain at $19.25 per month per dwelling unit. For planning purposes an annual rate increase of 3% is assumed for years 2006 through 2008. A 3% increase would

result in a $19.83 and $20.42 per month per dwelling unit for years 2006 and 2007, respectively.

The Hennepin County Recycling Grant is estimated to total $544,000 in 2005, a decrease of $260,000 from 2004. It is anticipated that the amount will decrease by approximately $100,000 annually in future years.

Expenditures

Overall operating expenditures are budgeted to increase by .7% from $27.1 million in 2005 to $27.3 million in 2005 for the Public Works Solid Waste cost center. Transfers to Internal Service funds have been replaced with a rate model which charges the individual costs centers, rather than being funded by a transfer at the fund level.

Transfers

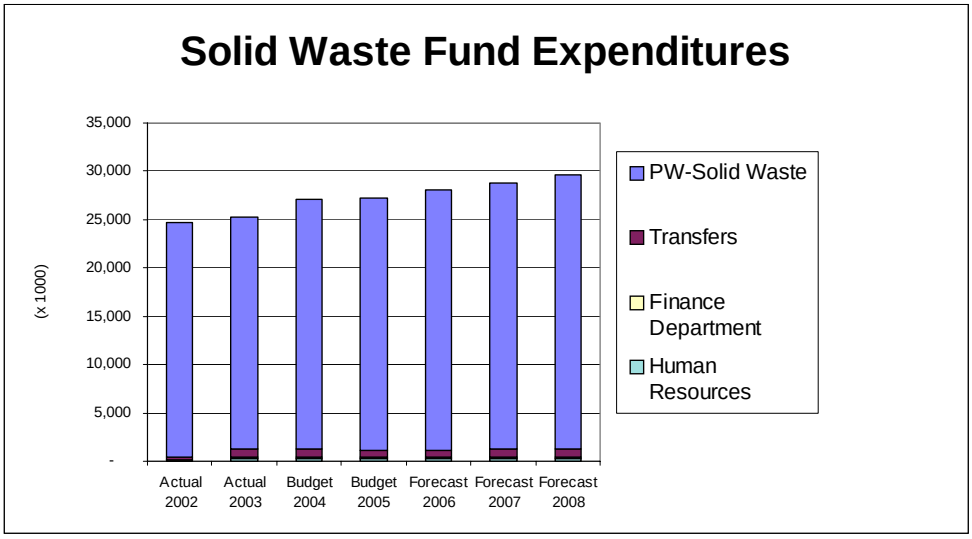
The 2005 budget includes the continuation of a $700,000 transfer from Solid Waste and Recycling to the General Fund to pay for snow alley plowing to ensure delivery of solid waste and recycling services in the alleys and is projected to remain at $700,000 thereafter.

A transfer of $58,000 to the Debt Service fund for pension obligations related to the Minneapolis Employees Retirement Fund (MERF) is also reflected.

The Solid Waste and Recycling Fund receives a transfer of $146,000 from the Parking Fund to pay for litter container pick-up (downtown). In 2004, a permanent transfer of $50,000 was established for graffiti removal.

Debt Service

This fund does not have any associated capital debt service payments.



City of Minneapolis
FY 2005 Budget
Financial Plan (in thousands of dollars)

Solid Waste Fund 7700

	2002 Actual	2003 Actual	2004 Budget	2004 Projected	2005 Budget	% Chg from 2004	2006 Forecast	2007 Forecast	2008 Forecast
Sources of Funds:									
Local Government	936	844	804	804	544	-32.3%	444	344	244
Charges for Service	24,906	26,241	26,099	26,803	26,099		26,882	27,688	28,519
Charges for Sales	617	943	640	640	900	40.6%	900	900	900
Special Assessments	128	93		54			-	-	-
Operating Transfers In:			-		-		-	-	-
From Parking Fund	146	146	146	146	146		146	146	146
From General Fund			50	50	50		50	50	50
Total	26,733	28,267	27,739	28,497	27,739		28,422	29,128	29,859
Use of Funds:									
PW-Solid Waste	24,271	23,940	25,830	25,658	26,548	2.8%	27,344	28,165	29,010
Transfers									
To General Fund	170	762	700	700	700		700	700	700
To BIS Fund	12	70	70	70	-				
To Self Insuance Fund	11	11	11	11	-		-	-	-
To MERF Fund			90	90	58	-35.6%	60	60	60
Finance Department	183	195	196	196	1	-99.5%	1	1	1
Human Resources		225	228	228	-		228	235	242
Total	24,647	25,203	27,125	26,953	27,307	0.7%	28,333	29,161	30,013
Fund Margin	2,086	3,064	614	1,544	432	-29.6%	89	(32)	(154)
Fund Balance	13,212	16,353	16,967	17,897	18,329	8.0%	18,417	18,385	18,232
Cash Balance	8,005	10,675	11,289	12,219	12,651	12.1%	12,739	12,707	12,554

City of Minneapolis
FY 2005 Fund
Financial Plan

Stormwater and Sanitary Sewer Fund

Background

This fund accounts for sewer contractual payments to the Metropolitan Council Environmental Services (MCES) for sewage interceptor and treatment services. This fund also accounts for storm water management activities including the Combined Sewer Overflow (CSO) program, which separates the remaining storm sewer lines that are connected to sanitary sewer lines.

During 1998, the City embarked on a $72 million, nine-year, flood control program (which has been expanded since the original plan was adopted). This program targets specific areas in the City and creates holding ponds and additional storm drains that are designed to mitigate the effects of flash floods, but has been scaled back in the 2005 capital budget.

This fund also accounts for the cost of street sweeping as a related cost activity.

Historical Financial Performance

The Sewer Rental Fund has experienced a positive retained earning for the last several years. This is due to the combination of rate increases being implemented as planned and unanticipated delays in capital project expenditures. Delays in capital project expenditures have also increased total cash balances. For the year ending in 2003, $6.4 million of the cash balance was related to unspent bond proceeds with an operating cash balance of $7.8 million. One financial goal for this fund is to have three months worth of operating expenses in a cash reserve from operations.

2004 Financial Performance

The 2004 revenues from charges for services are projected to be less than budgeted. The estimated revenue has been revised from $69 to $65 million to project a more realistic revenue amount. Another factor that could impact the 2004 projected revenue is that there could be less revenue generated from reimbursable capital projects, which is budgeted at $3 million.

Expenses are also projected to be less than budgeted for the sewer design, field services and sewer maintenance cost centers. The field services or street cleaning cost center is projected to be within its $5.8 million budget at $5.7 million. Sewer design is projected to be $3.6 million, which is considerably less than the $5.5 budgeted due to one-time decision packages that have been removed out of the 2005 base budget for

inflow, utility fee and design manual studies. The sewer maintenance is projected to be under budget by $3.5 million dollars partially due to under spending contractual services. Again for 2004, it is anticipated that all budgeted capital projected will not be completed.

2005 Budget

Revenues

The Sewer Rental Fund has a projected rate increase of 21-cents (per 100 cubic feet), or 6.1% for 2005. For 2005 this results in an average monthly cost to consumer of $21.84. The rate increase will be used to pay for ongoing operating expenses as well as debt service related to the CSO and flood mitigation projects. It is anticipated that the current sewer rates will be separated from storm water utility in 2005.

Expenditures

The Sewer Rental Fund has a projected increase in expenses partially due to increased rates by the Metropolitan Council Environmental Services (MCES). For 2005, the capital expenditures budget is decreased to $9.9 million, $5.9 million is financed, $3 million reimbursed from other departments or external private sources and the balance to be paid from cash in the fund balance. The recommended budget also includes continuation of funding to complete the CSO (combined sewer overflow) Separation Evaluation Project.

Stormwater Rate

A stormwater rate model implementation is currently underway and is scheduled to begin in 2005. Two funds will be used to accomplish the separate reporting and tracking of sanitary and stormwater activities. With the implementation of this program the 2005 approved sewer rate will be split into two rates. Sanitary sewer will continue to be billed based on water consumption usage and the stormwater rate will be billed based on the amount of stormwater runoff a property has.

CSO (Combined Sewer Overflow)

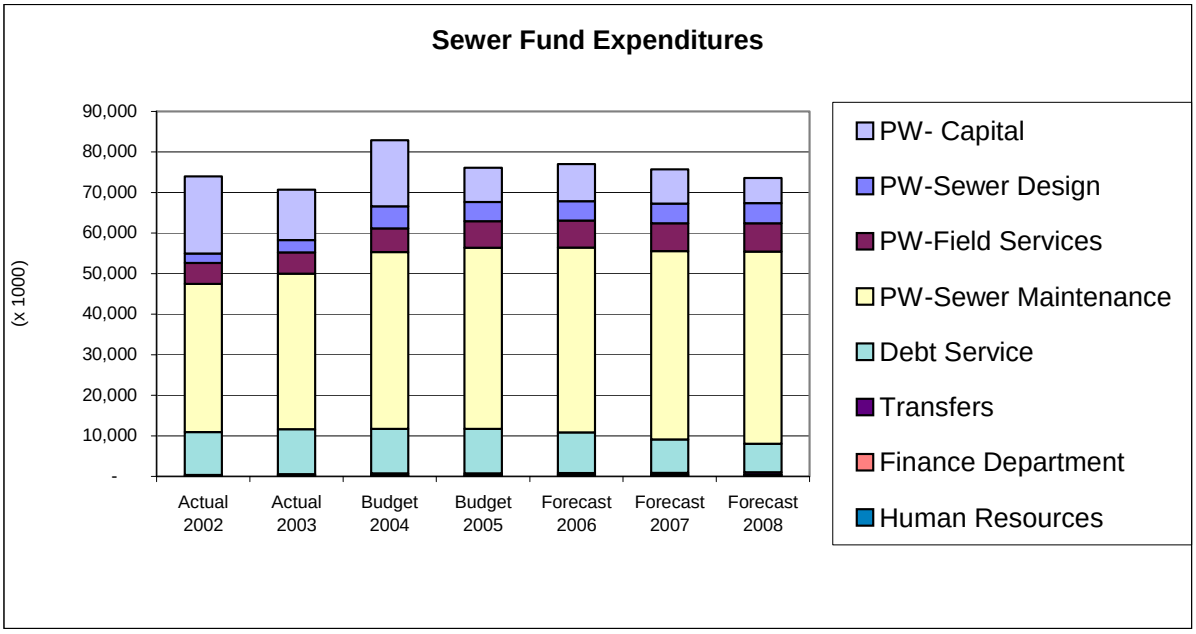
In 2001, a study was done by the City of Minneapolis and Metropolitan Council, which indicated that there maybe as many as 5,000 buildings and properties with rainwater connection to the sanitary system. To resolve this issue, both parties will need to identify these properties and work on an alternative for rainwater connection. Once this task is complete, the department of Public Works will be required to hire additional staff to redesign and reconstruct the storm water drainage system. The project will take 3 to 5 years to complete. The estimated cost for 2005 is approximately $2 million, which will be funded by bonds.

Transfers

In 2005, payments of $342,000 were transferred to the bond fund for debt service related to the Minneapolis Employee Retirement Fund (MERF) outstanding liability. Transfers to Internal Service funds have been replaced with a rate model which charges the individual costs centers as an expense rather than a transfer at the fund level. Costs for equipment has increased due to a change from hourly billing to monthly billing. This change is projected to dramatically increase the costs for the street cleaning cost center.

Debt Service

The debt service payments are primarily for bonds previously sold to finance the Combined Sewer Overflow (CSO) and flood mitigation programs. The scheduled principal and interest payments for 2005 will be just over $11 million.



City of Minneapolis
FY 2005 Budget
Financial Plan (in thousands of dollars)

Combined Sanitary Sewer Fund 7100 and Stormwater Fund 7300

	2002 Actual	2003 Actual	2004 Budget	2004 Projected	2005 Budget	% Chg from 2004	2006 Forecast	2007 Forecast	2008 Forecast
Source of Funds:									
Federal Government	980	41	310	310					
State Government	566	556	1,159	2,059	920	-20.6%	920	920	920
Local Government	128	290	290	290	167	-42.4%	167	167	167
Charges for Service	64,122	62,626	68,843	64,738	70,237	2.0%	72,672	75,841	78,876
Charges for Sales	5	6	-		1		1	1	1
Special Assessments	275	257	115	115	115		120	124	129
Interest	(3)	-	-	-	-		-	-	-
Other Misc Revenues	(60)	25	52	52	60	15.4%	60	60	60
Proceeds of Long Term Liabilities	7,988	6,875	10,519	10,519	5,870	-44.2%	4,900	4,500	2,500
Total	74,001	70,676	81,288	78,083	77,370	-4.8%	78,840	81,613	82,653
Use of Funds:							-	-	-
PW-Sewer Design	2,338	3,079	5,463	3,607	4,840	-11.4%	4,937	5,036	5,136
PW-Field Services	5,177	5,258	5,810	5,787	6,556	12.8%	6,687	6,821	6,957
PW-Sewer Maintenance	36,530	38,336	43,597	40,171	43,313	-0.7%	44,179	45,063	45,964
Debt Service	10,612	11,147	11,004	11,512	11,016	0.1%	10,093	8,223	7,075
Transfers									
To General Fund	116	63	-	-					
To Debt Service for MERF Liability			288	288	342	18.8%	400	500	600
To BIS Fund	65	66	66	66			-	-	-
To Self Insurance Fund	10	10	10	10			-	-	-
Finance Department	117	137	129	129	1	-99.2%	1	1	1
Human Resources		225	228	228	-		-	-	-
PW- Capital	19,034	12,436	16,317	15,000	9,865	-39.5%	9,117	8,445	6,170
Total	73,999	70,757	82,912	76,799	75,933	-8.4%	75,414	74,088	71,904
Fund Margin	2	(81)	(1,624)	1,284	1,437	-188.5%	3,426	7,525	10,749
Fund Balance	293,665	294,554	292,930	295,838	297,275	1.5%	300,701	308,226	318,976
Cash Balances									
Operating Cash	9,879	7,835	6,211	9,119	10,556	70.0%	13,982	21,507	32,257
Construction Cash	4,198	6,430							
Total Cash Balance	14,077	14,265	6,211	9,119	10,556	70.0%	13,982	21,507	32,257

City of Minneapolis
FY 2005 Budget
Financial Plan

Water Fund

This fund accounts for the operation and maintenance of a water delivery system for the City and several suburban city customers. The City currently sells water to seven cities including Bloomington, Columbia Heights, Hilltop, Golden Valley, New Hope, Crystal and Edina.

Historical Financial Performance

The financial condition of this fund has been stable. Retained earnings have been positive the past several years, due primarily to the timing of scheduled rate increases for major capital improvements.

2005 Budget

Revenues

The projected rate increases for the following years is to pay debt service for the capital expenditures for the Hilltop reservoir and the Ultra-Filtration program, as well as growth in operating expenditures.

Water Utility Recommended Rates

The 2005 budget includes a rate increase for water from $2.38/unit to $2.50/unit. The rate increase will provide funding for the Capital Ultrafiltration Program, completion of the SCADA System and for Water Distribution Improvements.

Year	Rate (cost per 100 cubic feet)	Cost Per Month for Average Consumer[1]	% Increase	Total Planned Revenue from Utility Fee
2005	2.50	20.00	5.0%	$62.1 Million
2006	2.62	20.96	4.8%	$65.1 Million
2007	2.67	21.36	1.9%	$66.3 Million
2008	2.75	22.00	3.0%	$68.3 Million
2009	2.85	22.80	3.6%	$70.8 Million

[1] Rate is based on cost per 100 cubic feet and assumes 8 units of water is consumed per month.

Note: Total revenue from charges for services in the financial plan exceeds the amount generated by the utility fee because revenue is also deposited in the Water Fund from sources other than utility fees.

Expenditures

The recommended budget provides funding for the capital infrastructure improvement program by decreasing it by 44% from $37.5 million in 2004 to $20.9 million in 2004.

The total budget for security in 2005 is $1.15 million. The Water Fund has 16 (FTE) positions from the Police Department dedicated full time to providing security for Water Works.

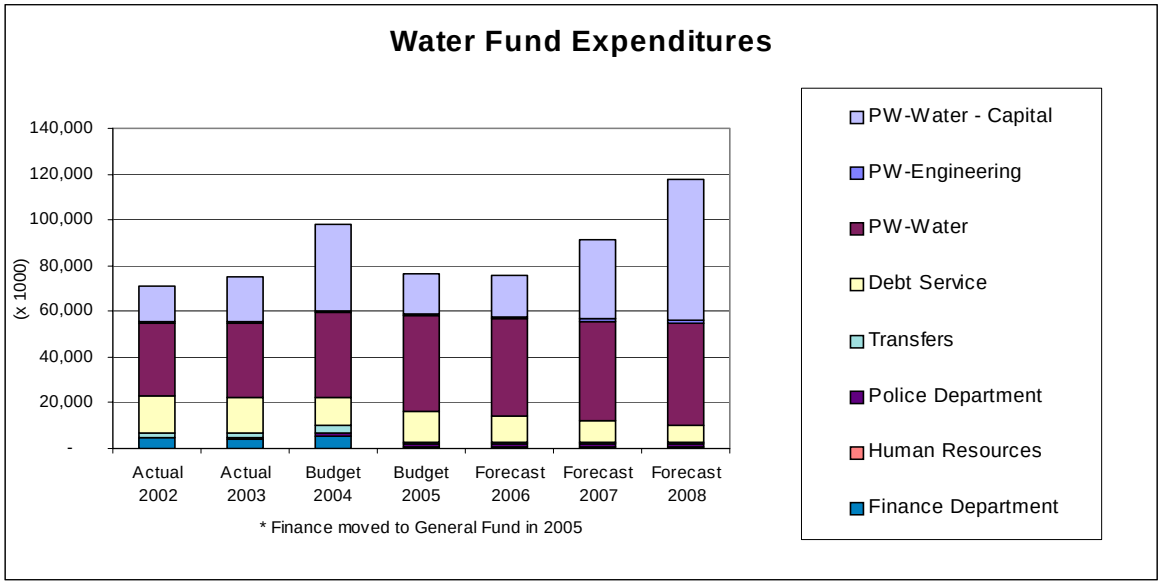
The decrease in the finance cost center is due to the expenses being moved from the water to the general fund. This will also impact the revenue that was received from Sewer and Solid Waste to fund a portion of the program, which has also been redirected to the general fund.

Transfers to Other Funds

The Water Fund will begin incurring a transfer expense related to its share of the Minneapolis Employee Retirement Fund (MERF) pension obligations. The $0.6 million will be transferred to the bond redemption fund to cover the liability obligations related to Water Fund employees that have retired under the MERF pension plan.

Debt Service

The debt service amounts are primarily for bonds and notes sold to finance the Water-Works Capital Construction program.



City of Minneapolis
FY 2005 Budget
Financial Plan (in thousands of dollars)

Water Fund 7400

	2002 Actual	2003 Actual	2004 Budget	2004 Projected	2005 Budget	% Chg from 2004	2006 Forecast	2007 Forecast	2008 Forecast
Source of Funds:									
Property Taxes									
Licenses and Permits	1	1	1	1	1		1	1	1
Federal Government	317	154	-	-	-		-	-	-
Charges for Service	54,733	61,733	66,818	66,818	65,672	-1.7%	66,100	67,334	69,321
Charges for Sales	1,715	679	1,740	1,740	1,780	2.3%	1,816	1,852	1,889
Special Assessments	1,769	1,031			-		-	-	-
Interest	23	2	-	-	-		-	-	-
Rents	3	-	2	2	1	-50.0%	1	1	1
Other Misc Revenues	2	39	19	19	19		20	20	21
Operating Transfers In	106	615	-	-	-		-	-	-
Proceeds of Long Term Liabilities	8,049	20,923	33,000	33,000	16,000	-51.5%	11,000	28,000	54,400
Total	66,718	85,177	101,580	101,580	83,473	-17.8%	78,937	97,208	125,633
Use of Funds:									
PW-Engineering	662	726	878	878	1,096	24.8%	1,118	1,140	1,163
PW-Water	31,796	32,508	37,586	37,586	43,273	15.1%	44,138	45,021	45,922
Debt Service	15,988	15,186	12,148	12,148	13,611	12.0%	11,287	9,212	7,756
Transfers							-	-	-
To General Fund	63	63							
To Capital Improvement Fund			80	80					
To Debt Service for MERF Liability	45		483	483	584		602	614	626
To BIS Fund	2,414	2,429	2,526	2,526					
To Self Insurance Fund	27	26	26	26					
Police Department	-	-	1,110	1,110	1,150	3.6%	1,173	1,196	1,220
Human Resources	-	225	228	228	-		-	-	-
Finance Department	4,528	4,332	5,451	5,451	13	-99.8%	13	14	14
PW-Water - Capital	15,726	19,524	37,568	37,568	20,891	-44.4%	17,750	34,650	61,400
Total	71,248	75,019	98,084	98,084	80,618	-17.8%	76,081	91,847	118,101
Water Works Fund Margin	-4,530	10,159	3,496	3,496	2,855	-18.3%	2,856	5,361	7,532
Water Fund Balance	111,612	125,364	128,860	128,860	131,715	2.2%	134,571	139,931	147,464
Cash Balances									
Operating Cash	109	9,502	12,998	12,998	15,853	22.0%	18,709	24,069	31,602
Construction Cash	6,028	4,971							
Total Cash Balance	6,137	14,473	12,998	12,998	15,853	0	18,709	24,069	31,602