City of Minneapolis
FY 2005
Financial Plan

Property Services Fund

Background

This fund accounts for the physical management and maintenance of fire stations, police precinct buildings, the Public Service Center, parking ramps, and various other office locations. It also accounts for the coordination and management of special projects. Parking ramp maintenance and the radio shop operations were added to this fund in 2002. This aligned operations along the lines of the Public Works reorganization. In 2004 Property Services added two more areas to its list of duties: space and asset management, and security management. Security management is part of the increase in security that has come about since the 9/11 attacks.

Historical Financial Performance

The proposed building rental rates are based on a three-year actual expenditure average. In 1998 and 1999 rates were not increased to fully cover the expenditures in this fund, in order to reduce pressure on customer budgets. This resulted in negative financial performance during this period and a decline in cash balance. Since 1999, rates have been allowed to be increased annually (to other city departments) in order to fully fund the direct and indirect costs in the Property Services Fund. The fund currently has a deficit in cash of $700,000. In 2004, revenues are expected to equal expenditures.

2005 Budget

Revenues

The increase in revenues from 2004 to 2005 is related to three new ramps that this fund will be maintaining.

Expenditures

The 2005 budget includes maintenance for three additional ramps. This additional expense is recovered through charges to the Transportation fund, which is managing these ramps. The budget also includes a change in accounting for the General Fund overhead charge that replaces various charges for indirect costs that were previously budgeted in separate agencies.

Community Planning and Economic Development (CPED) Merging with the City of Minneapolis

Part of the merger between CPED and the City of Minneapolis starting in 2005 is that the Property Services fund will take over the maintenance of property and buildings that was formerly maintained by CPED. This will result in an increase to Expenses and Revenue of $830,000.

Transfers to/from Other Funds

The 2005 budget includes $83,000 of transfers out to other funds to cover the cost of Human Resources and Self Insurance. In addition, the Property Services Fund includes a $699,163 transfer in from the General Fund to fund a portion of the debt service for 800 MHz radio system. Prior to the changes resulting from the implementation of GASB 34, debt service for 800 MHz radio system was paid from the Bond Redemption Fund versus the Property Services Fund. The Debt Service for 800 MHz radio system is now funded as follows:

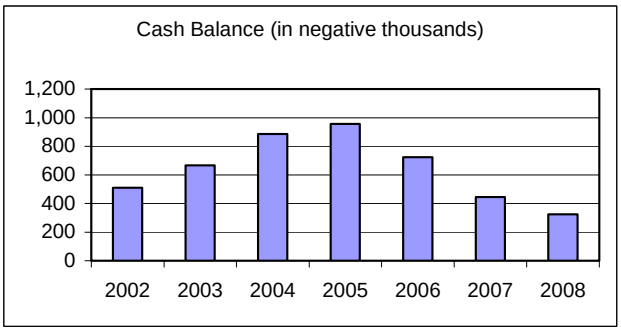
$699,163	Transfer from the General Fund
$350,000	Property services rent charges
$1,049,163	Total Debt Service (year 2005)

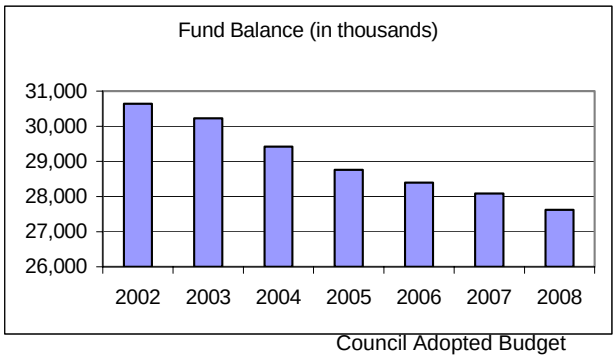
Capital Project and Debt Service

The Radio Shop, a division with the Property Services Fund, has management responsibility for the $16 million 800 MHz Radio System, which will be fully installed in 2004. As mentioned earlier, the fund recognizes the fixed assets along with the debt related to this project. The Radio Shop is participating in the funding for the Safety Initiative, by contributing $350,000 a year since 1998.

Fund Balance

The Property Services Fund has a positive net asset balance of $29 Million in 2004. However, this fund does not recover for the depreciation of the buildings that are assets in the fund. Therefore, the fund balance will continue to fall every year, even though the fund is breaking even in terms of cash, keeping the cash balance at around a deficit of $700,000.





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

Property Services Fund 6200

	2002 Actual	2003 Actual	2004 Current Budget	2004 Projected	2005 Budget	% Chg From 2004 Budget	2006 Forecast	2007 Forecast	2008 Forecast
Source of Funds:									
Changes for Services	5,118	4,777	4,433	4,890	6,381	44%	6,400	6,450	6,500
Charges for Sales	649	511	880	458	386	-56%	400	410	420
Rents	5,929	6,214	6,339	6,200	6,648	5%	6,700	6,800	6,900
Other Misc Revenues	26	184	441	400	2	-100%	450	460	470
Operating Transfers In	1,665	389	842	842	812	-4%	863	863	863
Proceeds of long term liablilities	6,425	1,166				0%	0	0	0
Total	19,812	13,241	12,935	12,790	14,229	10%	14,813	14,983	15,153
Use of Funds:									
Property Services Administration	180	201	160	180	566	254%	600	600	600
Radio Equipment	1,642	1,661	2,214	1,513	2,283	3%	2,300	2,350	2,400
Municipal Market	15	59	31	27	31	0%	32	33	34
Facilities Management	9,255	9,604	9,596	9,380	11,054	15%	11,100	11,150	11,200
Capital Expenditure	7,109	1,166				0%	0	0	0
Project Management	152	229	382	0		-100%	0	0	0
Debt Service	123	502	1,213	1,213	1,049	-14%	1,213	1,213	1,213
Transfers	286	117	33	33	86	161%	108	110	112
Finance	103	115	117	117		-100%			
Total	18,865	13,654	13,746	12,463	15,069	10%	15,353	15,456	15,559
Property Services Fund Margin	947	(413)	(811)	327	(840)		(540)	(473)	(406)
Property Services Fund Balance	30,641	30,228	29,417	30,555	28,577		28,037	27,564	27,158
Property Services Cash Balance	(510)	(666)	(886)	32	(1,136)		(1,086)	(969)	(785)