

**City of Minneapolis
2012 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 continues to present a future financial challenge to the City due to cash flows. While the fund continues to generate positive retained earnings, it is insufficient to pay debt service, restore its productive assets (ramps) and pay dividends (*e.g.*, transfers out to other funds).

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 receives transfers (\$6.4 million in year 2011) from the Minneapolis Convention Center to pay its share of operating and debt service on the Convention Center-related parking facilities. The fund also receives transfers (\$7.5 million in 2011) from tax increment and abatement revenue to pay part of major development projects in downtown area.

For historical trends, the 2009 and 2010 operating revenues and expenses are presented in the 2012 Parking Fund budget chart (see on a following page). Increases in revenues and expenses can be attributed to initiatives such as automation and centralization of parking ramp fee collections, enhanced parking ramp marketing, updated parking meter technology, event parking, the sale of unclaimed property left in abandoned vehicles and reimbursement from the State for improvements made to the State owned ramps.

The Parking Fund cash balance for year 2010 was \$12.8 million. The parking system creates a positive cash flow from the parking system operations. However with the fund transfers, interest payments on debt service and debt service payments, the Parking Fund may have a negative cash position in future years. Based on current and proposed budgets, the Parking Fund cash balances are going to continue to decrease.

2012 Budget

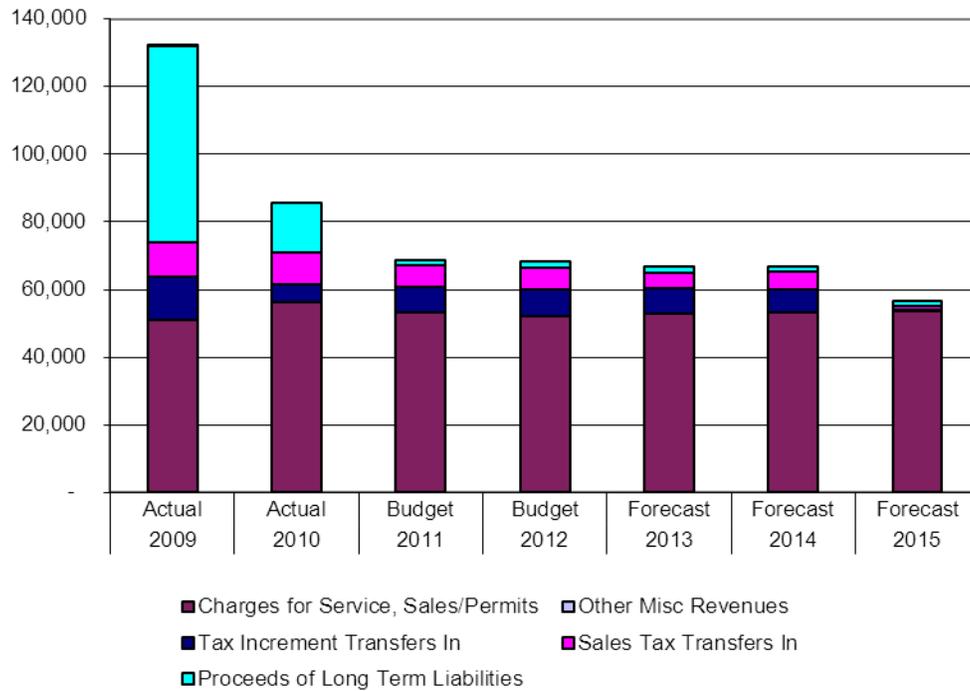
Revenues

The operating revenue budget for 2012 decreased 0.6% to \$54.7 million from \$55 million projected for 2011. The 2011 projected revenue includes an increase of \$1 million due to the additional snow events experienced above and beyond the average of three snow events per season which lead to increases in impound lot revenue and parking fees. The decrease in the 2012 budget brings the revenue back in line with the average number of snow events.

Revenue Assumptions (2012)	
Utilization Percentage in 2010	78%
Number of Parking Stalls in the system	20,238 as of 6/30/2011
Forecasted Revenue increase	2012 1.5% 2013 1.0% 2014 1.0%
Assumed rate increases (if any)	0%
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	2012 0 2013 0 2014 0

For assumptions regarding sales tax revenue, please see the Convention Center Finance Plan.

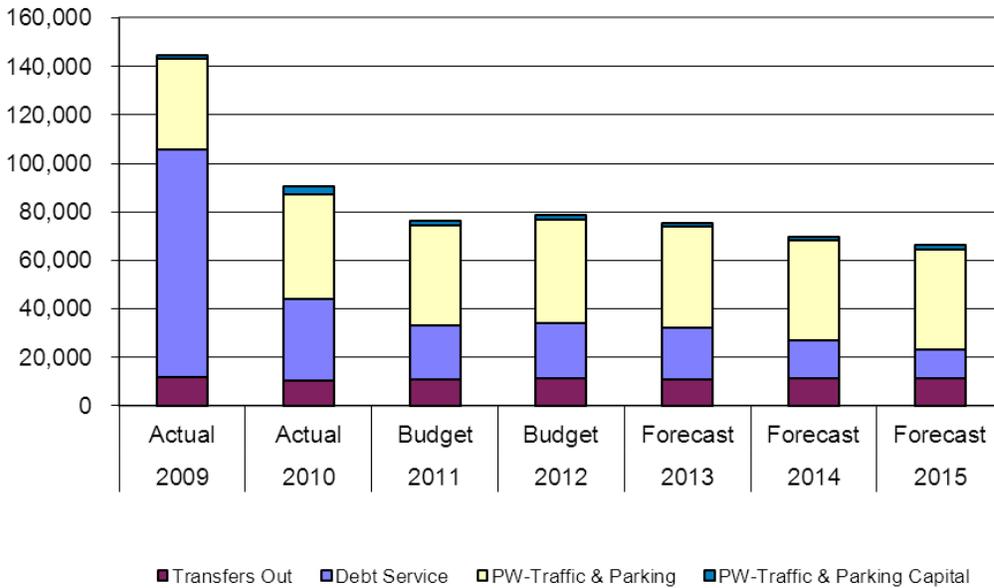
Parking Fund Revenues
(in thousands of dollars)



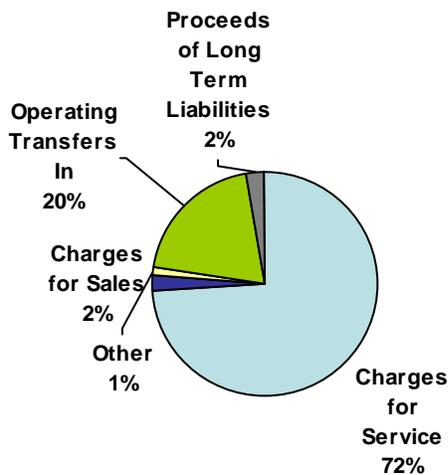
Expenditures

The operating budget for 2012 stands at \$42.6 million which is an increase of 2.4% from 2011 projected. The capital budget for 2012 is set at \$1.7 million, the same level as the 2011 due to on-going repair and improvement work in the City-owned parking facilities.

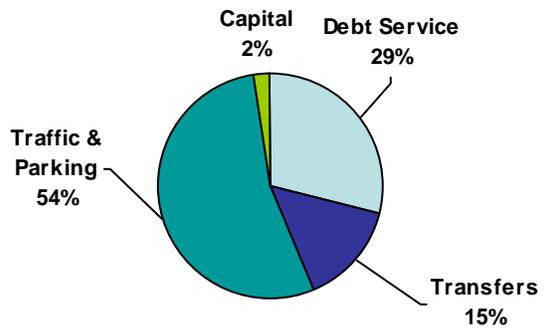
Parking Fund Expenditures
(in thousands of dollars)



Source of Funds
(\$70.7 million)



Use of Funds
(\$78.5 million)



Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is \$22.9 million for 2012. A portion of debt service payments are reimbursed from tax increment and sales tax revenues, which are transfers to the Parking Fund from the Convention Center and Tax Increment Funds, revenue totaling \$14.3 million for 2012.

Transfers

The transfer to the general fund remained the same for 2012 at \$7.8 million. The transfer to the Target Center Arena Fund increases in 2012 by \$0.2 million to \$2.9 million over 2011 at \$2.8 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. Lastly, there is a transfer to the Minneapolis Employees Retirement Fund (MERF) debt service fund of \$477,000 that increases from \$198,000 in 2011.

As discussed above, the transfers into the parking fund include revenues from sales tax along with revenues from tax increment and abatement. The transfer of sales tax revenue from the Convention Center Special Revenue Fund is \$6.6 million for 2012 and \$6.4 million for 2011. The transfers from the CPED Special Revenue fund for tax increment and abatement are budgeted to increase \$0.2 million, from \$7.5 million in 2011 to \$7.7 million in 2012. These revenue transfers are used for debt service payments.

Mayor's Recommended Budget

The Mayor recommended no changes.

Council Adopted Budget

The Council adopted the Mayor's recommendations.

City of Minneapolis
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Municipal Parking Fund - 7500

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Budget	% Chg From 2011 Budget	2013 Forecast	2014 Forecast	2015 Forecast
Source of Funds:									
Licenses and Permits	288	292	240	264	240	-9.1%	242	245	247
Charges for Service, Sales/Permits	50,924	56,278	52,100	53,100	52,192	-1.7%	52,714	53,241	53,773
Charges for Sales	1,205	1,670	1,550	1,612	1,670	3.6%	1,687	1,704	1,721
Special Assessments	86	65	-	-	543		-	-	-
Interest	1		-	-	-		-	-	-
Rents (Transportation)	4	3	4	5	4	-13.0%	4	4	4
Other Misc Revenues	12	8	46	41	46	11.1%	46	47	47
<i>Total Operating Revenue</i>	<i>52,520</i>	<i>58,316</i>	<i>53,940</i>	<i>55,022</i>	<i>54,695</i>	<i>-0.6%</i>	<i>54,694</i>	<i>55,240</i>	<i>55,793</i>
Tax Increment Transfers In	12,954	5,272	7,523	7,523	7,748	3.0%	7,511	6,700	297
Transfers In from Convention Center Fund	9,969	9,505	6,420	6,420	6,580	2.5%	4,729	5,195	1,000
Other Transfers In	39		-	-	-		-	-	-
<i>Total Transfers In</i>	<i>22,962</i>	<i>14,777</i>	<i>13,943</i>	<i>13,943</i>	<i>14,329</i>	<i>2.8%</i>	<i>12,240</i>	<i>11,895</i>	<i>1,297</i>
Proceeds of Long Term Liabilities	57,995	14,725	1,700	1,700	1,700		1,700	1,700	1,700
Total	133,477	87,818	69,583	70,665	70,724	0.1%	68,634	68,835	58,790
Use of Funds:									
Debt Service	93,630	33,726	22,112	22,112	22,875	3.5%	21,043	15,637	11,535
General Fund Transfer Out	7,818	7,818	7,818	7,818	7,818		7,818	7,818	7,818
Target Arena Transfer Out	2,241	2,241	2,758	2,758	2,941	6.6%	3,129	3,323	3,523
Debt Service Transfer Out	1,561	126	-	-	-		-	-	-
MERF Liability Transfer Out	115	111	198	198	477	140.9%	-	-	-
Sanitation Transfer Out	146	146	146	146	146		146	146	146
<i>Total Transfers Out</i>	<i>11,881</i>	<i>10,442</i>	<i>10,920</i>	<i>10,920</i>	<i>11,382</i>	<i>4.2%</i>	<i>11,093</i>	<i>11,287</i>	<i>11,487</i>
PW-Traffic & Parking	37,564	43,099	42,553	41,553	42,564	2.4%	41,648	41,105	41,569
PW-Traffic & Parking Capital	1,675	3,077	1,700	1,700	1,700		1,740	1,740	1,740
Total	144,750	90,344	77,285	76,285	78,521	2.9%	75,524	69,769	66,331
Change in Net Assets	10,463	6,815	781	2,427	1,270	-47.7%	866	1,987	(8,520)
Net Assets	141,503	148,318	149,099	143,930	145,200	0.9%	146,066	148,053	139,533
Modified Change in Net Assets (Net Income Est)									
(-) Depreciation	6,704	6,776	6,137	6,773	6,773		6,773	6,773	6,773
(-) Proceeds of LTD	57,995	14,725	-	1,700	1,700		-	-	-
(+) Traffic & Park Capital	1,675	3,077	-	1,700	1,700		-	-	-
(+) Principal Paid	84,760	27,765	14,620	14,820	15,840		14,529	9,694	5,794
Total	151,134	52,343	20,757	24,993	26,013		21,302	16,467	12,567
Cash Balances	13,211	12,781	5,509	7,161	(636)		(7,526)	(8,460)	(16,001)
Cash Balances after Workout Plan	42,661		5,509	7,161	(636)		(7,526)	(8,460)	(16,001)

Notes:

Fund Margin 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 projections are based on 1.5 and 2% increases respectively

Construction cash not included in current yr and projected years

Cash balances above are the actual without the year-end loan