

**City of Minneapolis
FY 2010 Budget
Financial Plan**

Property Services Fund

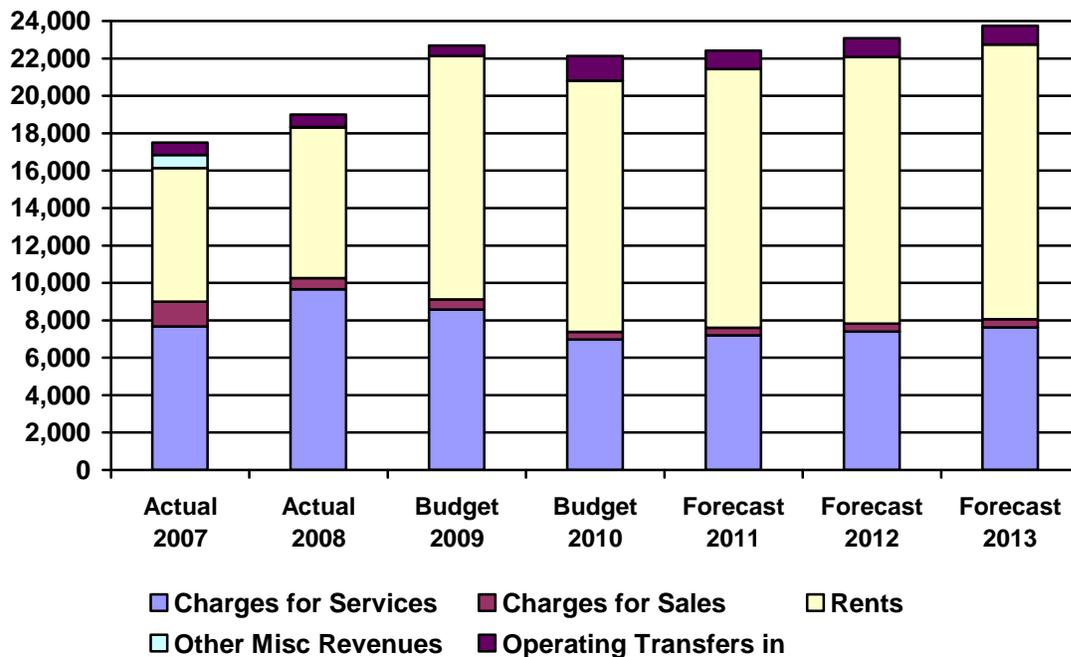
Background

The Property Services 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 property projects. Parking ramp maintenance and the radio shop operations were added to this fund in 2002. In 2004, the property services division assumed the responsibility for space and asset management and security management. In 2005, the property services division began providing maintenance for Community Planning and Economic Development department and in 2007 provided energy management for City properties.

Historical Financial Performance

The proposed building rental rates are based on a three-year actual expenditure average adjusted for inflation. Since 1999, rates to City departments have been allowed to increase annually in order to fully fund the direct and indirect costs in the property services fund. The 2008 year-end cash balance is \$652,000. Revenues are expected to closely match expenditures in 2009.

Property Services Revenues
(in thousands of dollars)



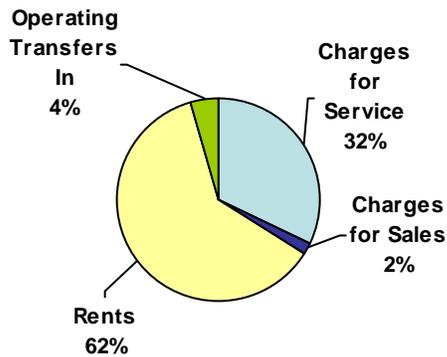
2010 Budget

Revenues

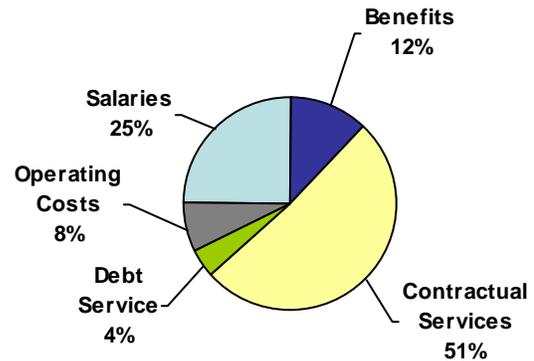
The 2010 revenue budget for this fund is \$22.1 million, or a decrease of 2.9% from 2009. The decrease in revenue from 2009 to 2010 is primarily related to an expected decline in the demand for additional services that this fund provides to City departments.

Revenue Assumptions (2010)	
Total Number of Buildings	121
Number of Managed Leases	3
Number of Radios	200

**Property Service Fund
Source of Funds
(\$22.1 million)**



**Property Service Fund
Use of Funds
(\$22.1 million)**



Expenditures

The 2010 expenditure budget is \$22.1 million, a decrease of 3.3% from 2009 budget of \$22.9 million. The decrease in expenditures from 2009 to 2010 is related to the anticipated decline in the demand for additional services provided by this fund to other City departments.

Transfers

The 2010 budget includes a transfer of \$118,000 to a pension fund debt service to cover the cost of debt related to the Minneapolis Employees Retirement Fund (MERF) unfunded liability.

The fund receives a transfer of \$587,000 in 2010 from the general fund to cover the general fund's portion of the debt service related to the 800MHz emergency communications project. The property services fund is responsible for \$350,000 a year in debt service for the project, with the remainder transferred in from the General Fund.

Debt Service

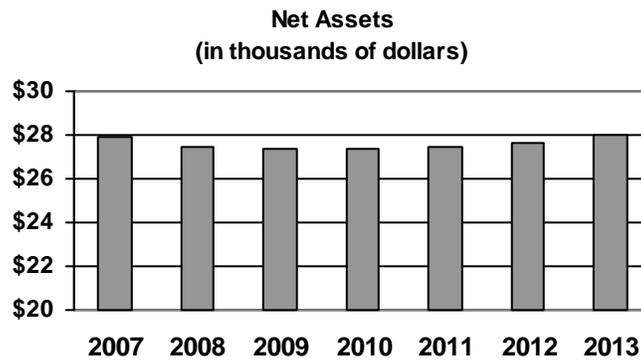
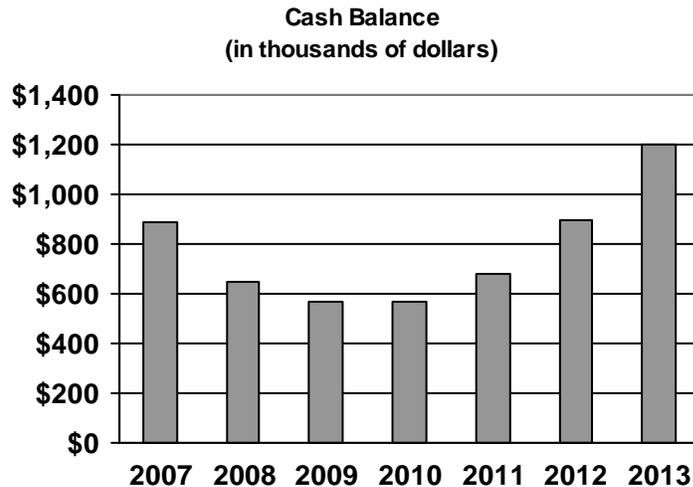
The radio shop, a division of the property services, has management responsibility for the \$14.0 million 800 MHz radio system. The property services fund recognizes the fixed assets, along with the debt related to this project. The radio shop is funding a portion of the City's public safety initiative through a contribution of \$350,000 a year.

The debt service for 800 MHz radio system is now funded as follows:

\$588,000	Transfer from the general fund
\$350,000	Property services portion of debt
<u>\$937,000</u>	Total debt service (Year 2010)

Net Assets

The property services fund had a positive net asset balance of \$27.4 million at year-end 2008. The fund does not recover the cost of depreciation of the buildings that are assets of the fund. Because this cost is not recovered, the fund balance will continue to decline even though the fund recovers its operating costs through a rate model.



Original Budget

The Mayor recommended and Council approved no changes to this fund.

The budget for this fund includes a reduction of BIS charges of \$15,500 due to the Council's actions to reduce the BIS budget by \$1.7 million. This reduction in BIS charges will subsequently reduce the fund's appropriation by the same amount. Additionally, the budget for this fund includes a \$3,676 increase to General Fund Overhead charges due to the Council's actions to fund two internal audit positions.

Mayor's Revised Budget

The Mayor recommends one-time resources for installation of wireless equipment in the city's vehicles to increase usage of the City's wireless contract (\$360,000).

Council Revised Budget

The Council approves the Mayor's recommendations.

City of Minneapolis
FY 2010 Budget
Financial Plan (in thousand of dollars)
Property Services Fund - 6200

	2007 Actual	2008 Actual	2009 Current Budget	2009 Projected	2010 Budget	% Chg From 2009 Budget	2011 Forecast	2012 Forecast	2013 Forecast
Source of Funds:									
Changes for Services	7,663	9,654	8,580	7,500	6,980	(18.6%)	7,189	7,405	7,627
Charges for Sales	1,328	597	530	400	400	(24.5%)	412	424	437
Rents ¹	7,149	8,071	13,022	12,800	13,429	4.9%	13,832	14,247	14,674
Other Misc Revenues	704	8	3	20	3	0.0%	3	3	3
Operating Transfers In	653	668	655	655	1,326	102.4%	1,366	1,000	1,000
Proceeds of Long Term Liabilities	-	-	-	-	-		-	-	-
Total	17,497	18,997	22,790	21,375	22,138	(2.9%)	22,802	23,079	23,742
Use of Funds:									
Property Services Administration	400	661	880	700	1,217	38.3%	1,247	1,279	1,311
Radio Equipment	1,417	1,408	2,683	1,600	2,394	(10.8%)	2,454	2,515	2,578
Municipal Market	9	18	42	35	42	0.0%	43	44	45
Facilities Management	14,712	15,796	18,273	16,405	17,409	(4.7%)	17,844	18,290	18,748
Debt Service	972	968	897	897	938	4.6%	961	985	1,010
Transfer to MERF	69	88	97	97	118	21.6%	118	118	118
Total	17,579	18,940	22,872	19,734	22,118	(3.3%)	22,668	23,232	23,810
Change in Net Assets	(673)	(472)	(82)	1,641	-		134	(152)	(68)
Net Assets	27,908	27,436	27,354	28,995	27,354		27,488	27,336	27,268
Cash Balance¹	885	652	570	2,293	570		704	552	484

¹ Cash balance for 2007 and 2008 is the sum of the CAFR cash balance and the amount Due from Other Funds