City of Minneapolis
2011 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, make general fund transfers, and restore its productive assets (ramps).

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 ($8.9 million in year 2010) from the Minneapolis Convention Center to pay its share of debt service on the Convention Center-related parking facilities. The fund also receives transfers ($7.4 million in 2010) from tax increment and abatement revenue to pay part of major development projects in downtown area.

The Parking Fund and its operations reflect a long-term financial plan that was adopted by the council in 2004. The plan addresses strategies for managing and responding to growing financial concerns regarding the municipal parking system, with annual updates on the performance of the plan. The budget takes into consideration many of the initiatives from the workout plan to improve the fund's cash position. One initiative in the workout plan was to explore the possibility of selling parking ramps. In July 2007 the City Council approved the sale of eight of them, six were sold in 2007, one in 2008 with additional sales possible in the future.

Operating revenue for 2009 was $52.2 million compared to $53.3 million in 2008. The workout plan does indicate increases in revenues can be attributed to initiatives such as automation and centralization of parking ramp fee collections, enhanced parking ramp marketing, updated parking meter technology, and the sale of unclaimed property left in abandoned vehicles. With the current economic conditions the indicated increases in the workout plan did not materialize.

In 2009, operating expenses (without debt service, transfers or capital) increased by $2.2 million, or 6.2%, to $37.6 million from $35.4 million in 2008. The Parking Fund cash balance for year 2009 was $13.2 million. The parking system created a positive cash flow from the sale of seven ramps, but with transfers, interest payments on debt service and debt service payments, City-owned facilities may have a negative cash position in future years. Based on current and proposed budgets, operating cash balances are going to continue to decrease, especially cash related to the City system.

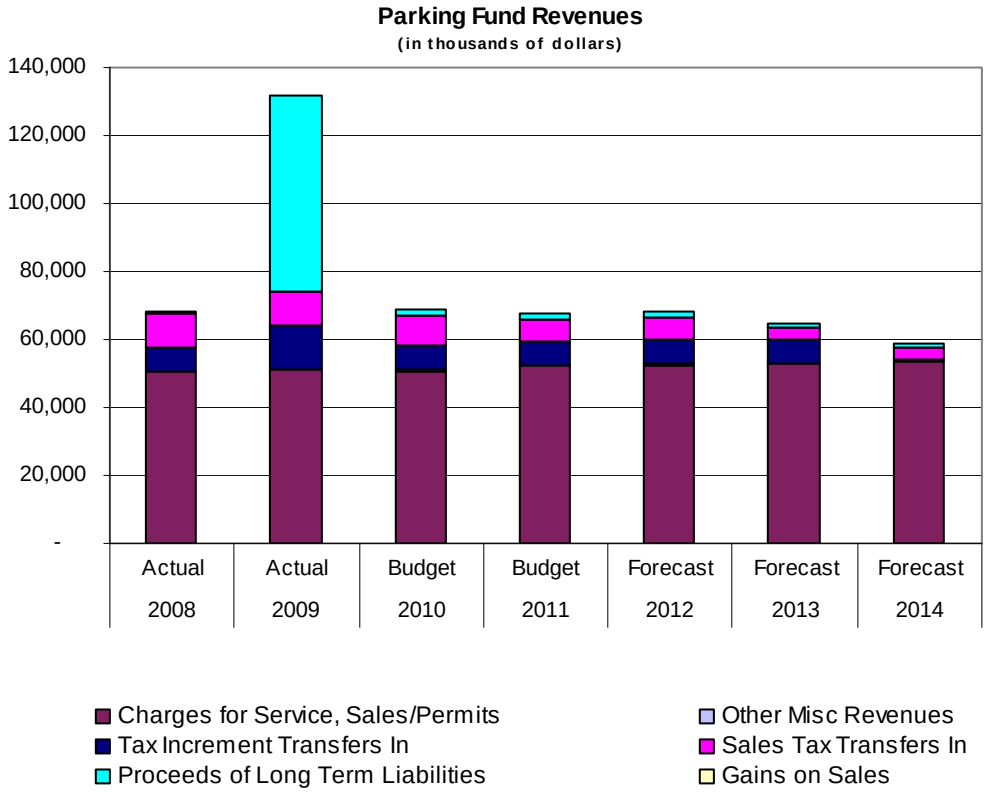
2011 Budget

Revenues

The operating revenue budget for 2011 was increased 2.3% to $53.9 million compared to $52.7 million for 2010. The increase is due to new parking meter technology that will be on line and the continued automation of the parking ramps.

Revenue Assumptions (2011)	
Utilization Percentage in 2009	74%
Number of Parking Stalls in the system	20,569 as of 6/30/2010
Forecasted Revenue increase	2011 2.5% 2012 1.0% 2013 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	2011 0 2012 0 2013 0

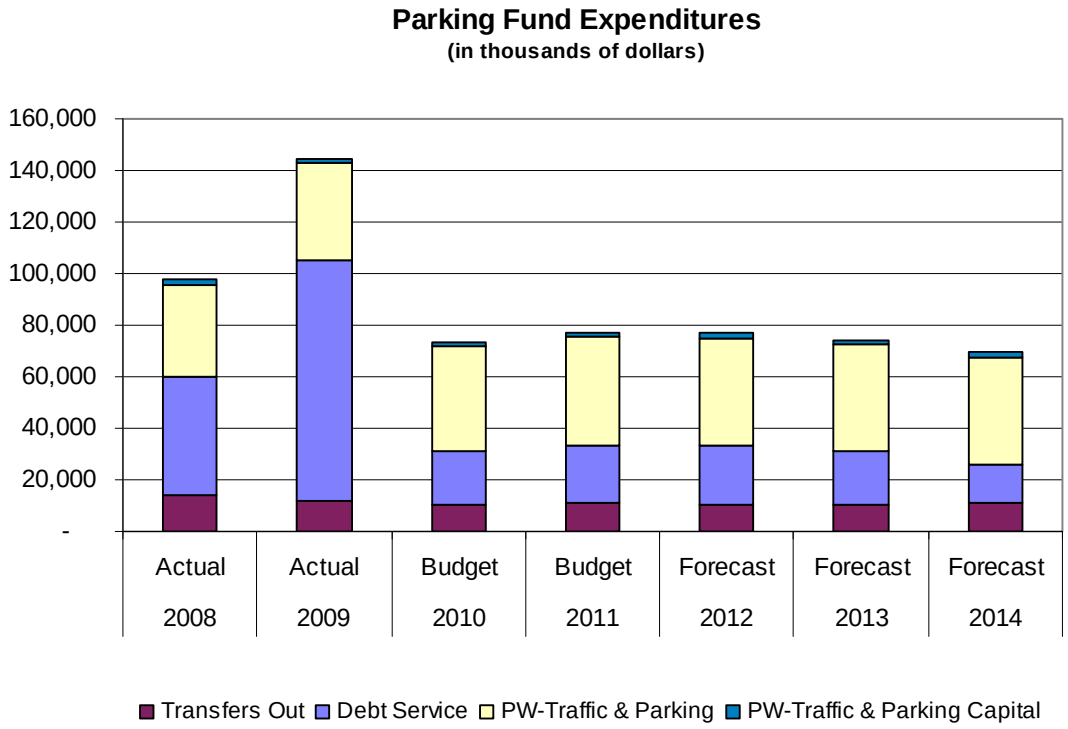
For assumptions regarding sales tax revenue, please see the Convention Center Finance Plan.

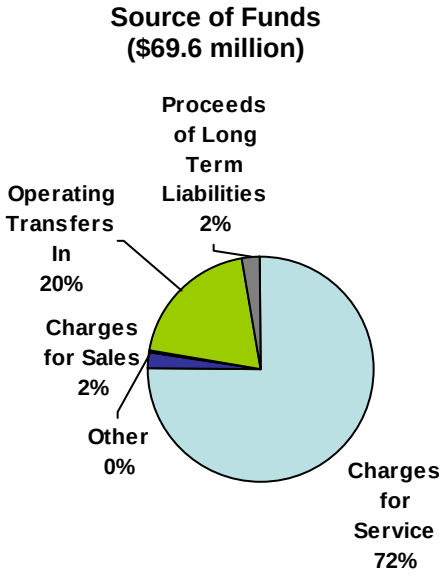


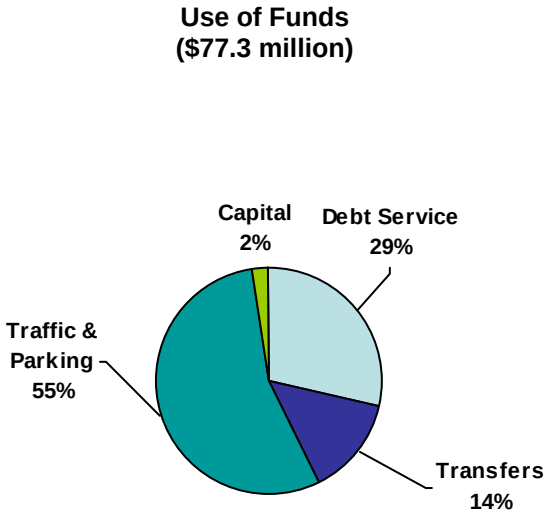
Expenditures

The operating budget for 2011 stands at $42.5 million compared to $41 million for 2010 an increase of $1.5 million. The 2011 increase is due to $1.5 million added to the budget for automation of the Government Center and Federal Courts ramps and due to increased credit

card costs. The capital budget for 2011 is set at $1.7 million, the same level as the 2010 due to on-going repair and improvement work in the City-owned parking facilities.







Debt Service

Total debt service, which includes principal and interest on bonds issued for construction of municipal parking ramps, is $22.1 million for 2011. 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 $13.9 million for 2011.

Transfers
The transfer to the general fund remained the same for 2011. There is also a transfer to the Target Center Arena. The transfer to the Target Center Arena Fund increases in 2011 by $0.5 million to $2.7 million over 2010 at $2.2 million. This transfer comes out of net assets generated by City parking revenues. 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. There is an additional transfer to the MERF debt service fund of $198,000.

Transfers to 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 $6.4 million for 2011 and $8.9 million for 2010. The transfers from the CPED Special Revenue fund for tax increment and abatement are budgeted to increase $0.1 million, from 7.4 million in 2010 to $7.5 million in 2011. These revenue transfers are used for debt service payments.

Mayor's Recommended Budget
The Mayor recommended no changes. The Mayor included a wireless commitment of $51,743 which is partially offset by healthcare savings.

Council Adopted Budget
The Council adopted the Mayor's recommendations.

City of Minneapolis
2011 Budget
Financial Plan (in thousand of dollars)

Municipal Parking Fund - 7500

	2008 Actual	2009 Actual	2010 Budget	2010 Projected	2011 Budget	% Chg From 2010 Budget	2012 Forecast	2013 Forecast	2014 Forecast
Source of Funds:									
Licenses and Permits	252	288	218	240	240	10.1%	242	245	247
State Government			-	-	-		-	-	-
Charges for Service, Sales/Permits	50,500	50,924	50,825	55,657	52,100	2.5%	52,621	53,147	53,679
Charges for Sales	1,805	1,205	1,551	1,613	1,551		1,567	1,582	1,598
Special Assessments	114	86		-					
Interest	42	1	1	-	-		-	-	-
Gains	565		-	-	-		-	-	-
Rents (Transportation)	8	4	3	3	3		3	3	3
Other Misc Revenues	31	12	138	124	46	-66.7%	46	47	47
Tax Increment Transfers In	7,387	12,954	7,433	7,433	7,523	1.2%	7,511	6,700	297
Sales Tax Transfers In	9,832	9,969	8,886	8,886	6,420	-27.8%	6,065	3,404	3,389
Other Transfers In		39		-	-		-	-	-
Total Transfers In	*17,219*	*22,962*	*16,319*	*16,319*	*13,943*	*-14.6%*	*13,576*	*10,104*	*3,686*
Proceeds of Long Term Liabilities		57,995	1,700	1,700	1,700		1,700	1,700	1,700
Total	70,536	133,477	70,755	75,656	69,583	-1.7%	69,755	66,828	60,960
Use of Funds:									
Debt Service	46,073	93,630	20,542	20,542	22,112	7.6%	22,881	20,607	15,213
General Fund Transfer Out	8,618	7,818	7,818	7,818	7,818		7,818	7,818	7,818
Target Arena Transfer Out	2,241	2,241	2,241	2,241	2,758	23.1%	2,408	2,581	2,758
Debt Service Transfer Out	2,773	1,561	-	-	-		-	-	-
MERF Liability Transfer Out	104	115	111	172	198	78.4%	180	115	115
Sanitation Transfer Out	146	146	146	146	146		146	146	146
Total Transfers Out	*13,882*	*11,881*	*10,316*	*10,377*	*10,920*	*101.4%*	*10,552*	*10,660*	*10,837*
PW-Traffic & Parking	35,367	37,564	40,971	44,897	42,553	3.9%	41,637	41,095	41,558
PW-Traffic & Parking Capital	2,270	1,675	1,700	1,700	1,700		1,740	1,740	1,740
Total	97,592	144,750	73,529	77,516	77,285	5.1%	76,810	74,102	69,348
Change in Net Assets	4,847	10,463	2,802	3,716	781	-72.1%	2,683	718	(5,231)
Net Assets	131,040	141,503	144,305	145,219	146,000	1.2%	148,684	149,402	144,171
Cash Balances	24,052	13,211	10,437	11,351	3,649	-65.0%	(3,405)	(10,679)	(19,067)
Cash Balances after Workout Plan	(11,850)	42,661	(16,088)	(15,174)	(24,730)		(30,488)	(36,327)	(42,896)