

Sanitation Fund

The Sanitation Fund accounts for the City's refuse and recycling program. January 1, 2016, marked the beginning of a new 5½ year contract with Walters Recycling and Refuse, Inc. to provide refuse collection and recycling services for all Blaine residents.

Expenditures

The proposed budget for 2017, and the accompanying five-year model, confronts certain realities associated with the business of waste collection and disposal. The terms of the new contract with Walters dictate that the basic monthly waste collection charges per household will increase by 33 cents. In addition, tipping fees are slated to increase by \$2 per ton in 2017, sometime around July 1. These factors combined with other administrative costs and operating expenses, result in a budget recommendation of \$4.05 million for FY 2017, a \$100,000 (2.5%) increase over the 2016 projections.

Revenues

Over 95% of the revenue required to operate the Sanitation fund comes from charges for service. The increase in expenditures budgeted for 2017 will necessitate increases to the charges per household imposed by the City. At the same time, however, drastic increases to customer charges can be mitigated by tapping into available fund reserves. Finance staff is recommending revisions to the rate structure that will begin to draw down the fund balance to a more reasonable target. The attached budget includes no monthly increase for 30 and 60 gallon container service, but does include a \$1 per month increase for the 90 gallon container Premium service. A reserve draw of \$67,500 will be required to balance the budget.

Five-Year Outlook

The attached five-year model resumes a schedule of more gradual increases in customer fees through FY 2021. Fee adjustments ranging from \$0.50-\$1.00 per month (depending on container size) are built into the last four years of the model. The recommended fee adjustments lead to a gradual draw-down of fund reserve to a level that provides operating cash flow, as well as a reserve to cover unforeseen expense increases.

CITY OF BLAINE, MINNESOTA

2017 BUDGET - Five-Year Model
SANITATION FUND

	2014 Actual	2015 Actual	2016 Budget	2016 Projected	2017 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,007,375	\$ 870,466	\$ 733,502	\$ 733,502	\$ 516,792
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,831,175	\$ 3,027,897	\$ 3,538,900	\$ 3,557,500	\$ 3,792,600
Intergovernmental - SCORE	170,974	174,206	160,000	174,000	174,000
Interest	6,367	3,417	11,000	3,600	7,800
Total revenues and other sources	3,008,516	3,205,520	3,709,900	3,735,100	3,974,400
<u>EXPENDITURES AND OTHER USES</u>					
Supplies	-	-	-	21,000	-
Contractual services	2,995,872	3,181,230	3,812,300	3,768,400	3,885,300
Administrative Charges	136,600	136,300	138,700	138,700	138,800
Other services and charges	12,953	24,954	19,800	23,710	17,800
Total expenditures and other uses	3,145,425	3,342,484	3,970,800	3,951,810	4,041,900
Increase (decrease) in fund balance	(136,909)	(136,964)	(260,900)	(216,710)	(67,500)
FUND BALANCE AT END OF YEAR	\$ 870,466	\$ 733,502	\$ 472,602	\$ 516,792	\$ 449,292

CITY OF BLAINE, MINNESOTA

2017 BUDGET - Five-Year Model
SANITATION FUND

	2017 Proposed	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 516,792	\$ 449,292	\$ 368,892	\$ 372,192	\$ 406,692
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 3,792,600	\$ 3,929,200	\$ 4,163,700	\$ 4,356,600	\$ 4,480,000
Intergovernmental - SCORE	174,000	174,000	174,000	174,000	174,000
Interest	7,800	6,700	5,500	5,600	6,100
Total revenues and other sources	3,974,400	4,109,900	4,343,200	4,536,200	4,660,100
<u>EXPENDITURES AND OTHER USES</u>					
Supplies	-	-	-		
Contractual services	3,885,300	4,031,300	4,177,900	4,337,200	4,473,200
Administrative Charges	138,800	141,200	143,700	146,200	148,800
Other services and charges	17,800	17,800	18,300	18,300	18,850
Total expenditures and other uses	4,041,900	4,190,300	4,339,900	4,501,700	4,640,850
Increase (decrease) in fund balance	(67,500)	(80,400)	3,300	34,500	19,250
FUND BALANCE AT END OF YEAR	\$ 449,292	\$ 368,892	\$ 372,192	\$ 406,692	\$ 425,942