

Storm Sewer Utility Fund

The City's Storm Sewer Utility Enterprise Fund accounts for the operations of the City's storm drainage system. The fund was created in 2006 as staff began separately accounting for storm drainage activity. Prior to that, storm sewer operations were accounted for in the Sanitary Sewer budget. A stormwater utility fee was approved by Council in 2007, and implemented in January 2008. As an enterprise fund, the utility is designed to recover the cost of maintaining the City's storm drainage system, which includes over 100 miles of storm sewer pipes, and almost 80 miles of ditches as well as numerous catch basins, outfalls, manholes, weirs, culverts, and ponds. The system serves roughly 17,000 parcels throughout Blaine. The storm sewer operation functions as a division of the City's Public Services Department under the direction of the Stormwater Manager, and has an authorized staffing level of 3.75 fulltime equivalent (FTE) positions, including one Stormwater Manager, ¼ FTE for supervision, and 2.5 Public Service Workers.

Revenues

Total revenues are expected to increase slightly in the 2014 fiscal year. Charges for service revenues are expected to increase \$38,000 from 2013 projected levels, consistent with increases experienced in recent years. Revenue from the payment of penalties is expected to generate \$15,000. Interest earnings are also estimated to be \$15,000.

Expenditures

Budgeted operating expenses in 2014 will increase by \$149,000 over 2013 projections. This increase is attributable to the drainage pond maintenance program, which is set to commence in 2014. In addition, \$321,000 is budgeted for depreciation on the system assets and equipment. Capital expenses of \$590,000 include \$300,000 for system repairs in the Belmont Acres/Erskin Street area, \$275,000 for slip-lining the arch pipe at Toys-R-Us on 89th/University, and \$15,000 for capital equipment.

Long-term Outlook

As the Storm Drainage operation evolves as a stand-alone enterprise fund, the true cost of providing the service is becoming clear. Proper system maintenance, administrative overhead, depreciation and capital project expenses will continue to put pressure on the rate structure presently in place. While staff continues to fine-tune the five-year model, it is apparent that revenues will annually be insufficient to support operations and maintenance of the storm drainage system. The attached model reflects an increase in service rates of \$1.00 per quarter in 2015.

CITY OF BLAINE, MINNESOTA

2014 FUND SUMMARY

STORM DRAINAGE UTILITY FUND - 604

	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Proposed
BEGINNING FUND RESERVE	\$ 1,444,448	\$ 1,483,206	\$ 1,549,682	\$ 1,549,682	\$ 1,489,482
REVENUES					
Operating Revenues	\$ 898,492	\$ 958,310	\$ 1,050,500	\$ 1,032,500	\$ 1,066,000
TOTAL REVENUES	\$ 898,492	\$ 958,310	\$ 1,050,500	\$ 1,032,500	\$ 1,066,000
EXPENDITURES					
Operating					
Personal Services	\$ 385,939	\$ 320,339	\$ 335,560	\$ 342,995	\$ 362,880
Supplies	157,991	77,760	71,600	117,740	105,600
Contractual Services	35,860	27,354	165,215	128,015	273,300
Other	177,353	177,949	179,750	182,450	180,100
Depreciation	304,424	357,211	298,000	315,000	321,000
	\$ 1,061,567	\$ 960,612	\$ 1,050,125	\$ 1,086,200	\$ 1,242,880
Capital & Infrastructure					
Capital Equipment	-	247,270	14,000	15,500	15,000
Capital Projects	102,591	41,162	600,000	306,000	575,000
TOTAL EXPENDITURES	\$ 1,164,158	\$ 1,249,044	\$ 1,664,125	\$ 1,407,700	\$ 1,832,880
Net Addition Fund Balance	\$ (265,666)	\$ (290,735)	\$ (613,625)	\$ (375,200)	\$ (766,880)
FUND BALANCE RESERVE					
Beginning	1,444,448	1,483,206	1,549,682	1,549,682	1,489,482
Add Net Income	(265,666)	(290,735)	(613,625)	(375,200)	(766,880)
Add Depreciation	304,424	357,211	298,000	315,000	321,000
Y/E Fund Balance Reserve	1,483,206	1,549,682	1,234,057	1,489,482	1,043,602
Required Reserve:					
Cash Flow	\$ 252,000	\$ 201,000	\$ 251,000	\$ 257,000	\$ 307,000
Capital Reserve	304,000	357,000	298,000	315,000	321,000
Debt Service	-	-	-	-	-
	\$ 556,000	\$ 558,000	\$ 549,000	\$ 572,000	\$ 628,000

CITY OF BLAINE, MINNESOTA

**FIVE-YEAR MODEL
STORM DRAINAGE UTILITY FUND - 604**

	2014 Proposed	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate
BEGINNING FUND RESERVE	\$ 1,489,482	\$ 1,043,602	\$ 603,472	\$ (123,078)	\$ (676,708)
REVENUES					
Operating Revenues	\$ 1,066,000	\$ 1,171,000	\$ 1,214,000	\$ 1,259,000	\$ 1,306,000
TOTAL REVENUES	\$ 1,066,000	\$ 1,171,000	\$ 1,214,000	\$ 1,259,000	\$ 1,306,000
EXPENDITURES					
Operating					
Personal Services	\$ 362,880	\$ 371,870	\$ 381,100	\$ 390,550	\$ 400,240
Supplies	105,600	105,600	106,480	107,390	108,330
Contractual Services	273,300	265,460	272,770	273,490	273,560
Other	180,100	180,200	180,200	176,200	176,200
Depreciation	321,000	327,400	333,900	340,600	347,400
	\$ 1,242,880	\$ 1,250,530	\$ 1,274,450	\$ 1,288,230	\$ 1,305,730
Capital & Infrastructure					
Capital Equipment	15,000	15,000	15,000	15,000	15,000
Capital Projects	575,000	673,000	985,000	850,000	800,000
TOTAL EXPENDITURES	\$ 1,832,880	\$ 1,938,530	\$ 2,274,450	\$ 2,153,230	\$ 2,120,730
Net Addition Fund Balance	\$ (766,880)	\$ (767,530)	\$ (1,060,450)	\$ (894,230)	\$ (814,730)
FUND BALANCE RESERVE					
Beginning	1,489,482	1,043,602	603,472	(123,078)	(676,708)
Add Net Income	(766,880)	(767,530)	(1,060,450)	(894,230)	(814,730)
Add Depreciation	321,000	327,400	333,900	340,600	347,400
Y/E Fund Balance Reserve	1,043,602	603,472	(123,078)	(676,708)	(1,144,038)
Required Reserve:					
Cash Flow	\$ 307,000	\$ 308,000	\$ 314,000	\$ 316,000	\$ 319,000
Capital Reserve	321,000	327,000	334,000	341,000	347,000
Debt Service	-	-	-	-	-
	\$ 628,000	\$ 635,000	\$ 648,000	\$ 657,000	\$ 666,000