

Sanitation Fund

The Sanitation Fund accounts for the City's refuse and recycling program. January 1, 2009, marked the beginning of a new 7-year contract with Veolia Environmental Services to provide refuse collection and recycling services for all Blaine residents. The new agreement helped to reduce collection costs and has allowed fees to remain unchanged. The Veolia contract is scheduled to run through the end of 2015.

The growth that the City experienced from 2003 through 2007 helped to expand the fund's customer base and maintain a level of revenue to support all recycling activities and provide a sufficient fund reserve. Additionally, tipping fees, the cost to actually dump refuse, were relatively inexpensive at \$38.75 per ton up through 2009. As a result, the Sanitation Fund carried a reserve of \$1.2 million at the end of 2010 – roughly 46% of annual expenditures. At that point, it was Council's decision to gradually reduce that reserve to a level that provides for cash flow and contingency needs. From 2011 through 2012 the fund reserve declined by slightly more than \$117,000. The reserve is expected to decline an additional \$83,000 to \$971,000 by the end of 2013. Tipping fees are expected to continue to increase over the next five years, from \$58/ton in 2013 to \$69/ton by 2018.

The attached budget recommendation and the five-year budget outlook abide by Council's 2013 directive to gradually increase customer fees over the next five to seven years. The model established in 2012 initially reflected a \$1.50/quarter increase each year from 2013 through 2015, followed by \$2.00/quarter increases in 2016 and 2017. Staff feels the model can be adjusted and would require an increase of just \$.75/quarter in 2014. Annual reviews of the fund would allow for adjustments as necessary. The fee recommendation allows the continuation of a gradual draw-down of fund reserve to a level that provides operating cash flow, as well as a reserve to cover large expense increases due to fuel cost spikes and other unforeseen factors.

SANITATION FUND

	2011 Actual	2012 Actual	2013 Budget	2013 Projected	2014 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,171,429	\$ 1,151,634	\$ 1,054,067	\$ 1,054,067	\$ 970,977
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,556,449	\$ 2,632,527	\$ 2,778,750	\$ 2,804,400	\$ 2,905,400
Intergovernmental	115,075	121,696	95,000	100,000	100,000
Interest	31,124	10,293	20,000	20,000	19,400
Total revenues and other sources	2,702,648	2,764,516	2,893,750	2,924,400	3,024,800
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,570,303	2,720,176	2,905,500	2,853,040	2,965,400
Administrative Charges	142,000	130,000	142,000	142,000	136,600
Other services and charges	10,140	11,907	9,800	12,450	13,300
Total expenditures and other uses	2,722,443	2,862,083	3,057,300	3,007,490	3,115,300
Increase (decrease) in fund balance	(19,795)	(97,567)	(163,550)	(83,090)	(90,500)
FUND BALANCE AT END OF YEAR	\$ 1,151,634	\$ 1,054,067	\$ 890,517	\$ 970,977	\$ 880,477
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SANITATION FUND

	2014 Proposed	2015 Estimate	2016 Estimate	2017 Estimate	2018 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 970,977	\$ 880,477	\$ 724,777	\$ 588,777	\$ 472,177
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,905,400	\$ 3,007,900	\$ 3,170,200	\$ 3,336,100	\$ 3,505,500
Intergovernmental	100,000	100,000	100,000	100,000	100,000
Interest	19,400	19,800	18,100	14,700	11,800
Total revenues and other sources	3,024,800	3,127,700	3,288,300	3,450,800	3,617,300
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,965,400	3,132,000	3,271,400	3,413,000	3,556,900
Administrative Charges	136,600	138,100	139,600	141,100	142,700
Other services and charges	13,300	13,300	13,300	13,300	13,300
Total expenditures and other uses	3,115,300	3,283,400	3,424,300	3,567,400	3,712,900
Increase (decrease) in fund balance	(90,500)	(155,700)	(136,000)	(116,600)	(95,600)
FUND BALANCE AT END OF YEAR	\$ 880,477	\$ 724,777	\$ 588,777	\$ 472,177	\$ 376,577