

Sanitary Sewer Utility Fund

The City's Sewer Utility Enterprise Fund accounts for the operations of the City's sanitary sewer system. As an enterprise fund, the Sewer Utility is designed to recover the cost of collecting, treating and disposing of the wastewater of its customers through user fees. The system serves about 17,000 accounts, 95% of which are residential. Not all properties are required to subscribe to City sanitary sewer. Those properties that maintain a private septic system and those not in the Metropolitan Urban Service Area (MUSA) are not required to subscribe to the City's sewer service. Overall, Blaine provides sanitary sewer service to 95% of the citizens of Blaine. The City's sewer operation functions as a division of the City's Public Services Department under the direction of the Public Works Director, with 3.75 FTE staff allocated to the division. No additional staffing requests are included in the 2012 Proposed Budget.

Revenues

As with the Water Utility Fund, the Sewer Utility Fund receives the bulk of its funding through fees charged to customers. The utility's fee schedule is designed to provide sufficient revenue to recover all operating costs, as well as to provide for the replacement of major capital components of the system. Based on current projections, the fund appears able to meet this goal for 2012.

Expenses

The largest single expense in the Sewer Fund is the monthly charge from Metropolitan Council Environmental Services (MCES). MCES collects, treats, and disposes of wastewater generated from Blaine properties. Overall this cost accounts for about 68% of the fund's operating costs. Based on information from MCES, charges for collection, treatment and disposal of wastewater will decrease by nearly \$192,000 (7%) in 2012. Personnel costs increase by \$8,400 and include a 1% general wage increase. The allocation for contractual services decreases by \$97,000 for 2012.

Capital Improvements

Sewer Utility capital improvements are primarily funded through current fees, of which there is a component to provide for the replacement of capital assets once they are placed into service, and assessments to property owners for improvements to the system that enhance the value of the property benefiting from the improvement. The proposed 2012 Sewer Utility capital budget contains almost \$3 million in improvements, including \$2 million for the sewer main slip-lining program, and \$700,000 for lift station rehabilitation and improvements.

5-Year Projections

In addition to the 2012 budgets, 5-year projections for the Sewer Utility operations and capital improvement plan have been prepared. Both 5-year plans are monitored closely and updated annually to ensure that the fund maintains its financial stability and that rates and fees are properly adjusted. Since depreciation is included in operating costs, the replacement of existing capital assets is funded with current operating revenues. No increase in the sewer rate is recommended for 2012. However, the 5-year operating plan indicates that may require an increase within the next couple of years.

CITY OF BLAINE, MINNESOTA

2012 FUND SUMMARY SEWER UTILITY FUND - 602

	2010 Actual	2011 Projected	2012 Preliminary Budget	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate
BEGINNING FUND RESERVE	\$ 11,281,403	\$ 11,426,233	\$ 10,245,263	\$ 8,487,953	\$ 7,883,833	\$ 7,908,243	\$ 8,660,293
REVENUES							
Operating Revenues	\$ 4,634,835	\$ 4,741,950	\$ 4,830,500	\$ 4,927,500	\$ 5,021,500	\$ 5,115,500	\$ 5,219,500
Capital Financing							
Sewer Connection Charges	11,963	11,200	15,000	15,000	15,000	15,000	15,000
TOTAL REVENUES	\$ 4,646,798	\$ 4,753,150	\$ 4,845,500	\$ 4,942,500	\$ 5,036,500	\$ 5,130,500	\$ 5,234,500
EXPENDITURES							
Operating							
Personal Services	\$ 306,083	\$ 258,030	\$ 318,030	\$ 320,390	\$ 333,940	\$ 348,180	\$ 363,180
Supplies	28,796	21,000	39,000	39,600	40,200	40,800	41,400
Contractual Services	203,119	280,270	283,100	253,930	259,450	265,270	271,290
MWCC Disposal Charges	2,765,188	2,797,910	2,606,130	2,736,400	2,873,200	3,016,900	3,167,700
Other	639,161	577,660	583,250	596,300	614,300	632,300	651,300
Depreciation	1,137,267	855,000	878,500	910,000	950,000	990,000	1,030,000
Debt Service	-	-	-	-	-	-	-
	\$ 5,079,614	\$ 4,789,870	\$ 4,708,010	\$ 4,856,620	\$ 5,071,090	\$ 5,293,450	\$ 5,524,870
Capital & Infrastructure							
Capital Projects	559,621	1,999,250	2,773,300	1,600,000	891,000	75,000	75,000
TOTAL EXPENDITURES	\$ 5,639,235	\$ 6,789,120	\$ 7,481,310	\$ 6,456,620	\$ 5,962,090	\$ 5,368,450	\$ 5,599,870
Net Addition Fund Balance	\$ (992,437)	\$ (2,035,970)	\$ (2,635,810)	\$ (1,514,120)	\$ (925,590)	\$ (237,950)	\$ (365,370)
FUND BALANCE RESERVE							
Beginning	\$ 11,281,403	\$ 11,426,233	\$ 10,245,263	\$ 8,487,953	\$ 7,883,833	\$ 7,908,243	\$ 8,660,293
Add Net Income	(992,437)	(2,035,970)	(2,635,810)	(1,514,120)	(925,590)	(237,950)	(365,370)
Add Depreciation	1,137,267	855,000	878,500	910,000	950,000	990,000	1,030,000
Y/E Fund Balance Reserve	11,426,233	10,245,263	8,487,953	7,883,833	7,908,243	8,660,293	9,324,923
Required Reserve:							
Cash Flow	\$ 1,125,000	\$ 1,484,000	\$ 1,651,000	\$ 1,387,000	\$ 1,253,000	\$ 1,095,000	\$ 1,142,000
Capital Reserve	3,637,000	3,355,000	3,379,000	3,410,000	3,450,000	3,490,000	3,530,000
Debt Service	-	-	-	-	-	-	-
	\$ 4,762,000	\$ 4,839,000	\$ 5,030,000	\$ 4,797,000	\$ 4,703,000	\$ 4,585,000	\$ 4,672,000
Excess Fund Reserve	\$ 6,664,233	\$ 5,406,263	\$ 3,457,953	\$ 3,086,833	\$ 3,205,243	\$ 4,075,293	\$ 4,652,923