

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 2013 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 over the five-year projection.

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 nearly 70% of the fund's operating costs. Based on information from MCES, charges for collection, treatment and disposal of wastewater will increase by nearly \$322,000 (12%) in 2013. Personnel costs increase by \$15,400 (5%), as some staffing time has been reallocated from the Water Utility Fund. The allocation for contractual services increases by \$6,320 (1.7%) for 2013.

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 2013 Sewer Utility capital budget contains \$2.4 million in improvements, including \$2 million for the sewer main slip-lining program, \$250,000 for the rehabilitation of lift station 8, \$100,000 for sewer force main repair, and \$45,000 for equipment replacement.

5-Year Projections

In addition to the 2013 budget, 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 2013. However, depending upon charges from MCES, the 5-year operating plan indicates that an increase may be required within the next couple of years.

CITY OF BLAINE, MINNESOTA

2013 FUND SUMMARY SEWER UTILITY FUND - 602

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Preliminary Budget
BEGINNING FUND RESERVE	\$ 10,551,949	\$ 10,335,613	\$ 8,837,181	\$ 8,837,181	\$ 7,957,947
REVENUES					
Operating Revenues	\$ 4,619,489	\$ 4,849,387	\$ 4,830,500	\$ 4,847,880	\$ 4,883,000
Capital Financing					
Sewer Connection Charges	11,963	9,333	15,000	18,400	15,000
TOTAL REVENUES	\$ 4,631,452	\$ 4,858,720	\$ 4,845,500	\$ 4,866,280	\$ 4,898,000
EXPENDITURES					
Operating					
Personal Services	\$ 590,088	\$ 284,005	\$ 318,030	\$ 315,079	\$ 333,650
Supplies	28,796	21,037	39,000	27,950	35,700
Contractual Services	288,403	327,623	368,100	338,305	374,420
MWCC Disposal Charges	2,765,188	2,797,910	2,606,130	2,606,130	2,927,664
Other	556,398	492,645	498,250	500,750	523,390
Depreciation	1,137,267	873,750	878,500	878,500	900,000
Debt Service	-	-	-	-	-
	\$ 5,366,140	\$ 4,796,970	\$ 4,708,010	\$ 4,666,714	\$ 5,094,824
Capital & Infrastructure					
Capital Projects	618,915	2,433,932	2,773,300	1,957,300	2,395,300
TOTAL EXPENDITURES	\$ 5,985,055	\$ 7,230,902	\$ 7,481,310	\$ 6,624,014	\$ 7,490,124
Net Addition Fund Balance	\$ (1,353,603)	\$ (2,372,182)	\$ (2,635,810)	\$ (1,757,734)	\$ (2,592,124)
FUND BALANCE RESERVE					
Beginning	\$ 10,551,949	\$ 10,335,613	\$ 8,837,181	\$ 8,837,181	\$ 7,957,947
Add Net Income	(1,353,603)	(2,372,182)	(2,635,810)	(1,757,734)	(2,592,124)
Add Depreciation	1,137,267	873,750	878,500	878,500	900,000
Y/E Fund Balance Reserve	10,335,613	8,837,181	7,079,871	7,957,947	6,265,823
Required Reserve:					
Cash Flow	\$ 1,212,000	\$ 1,589,000	\$ 1,651,000	\$ 1,436,000	\$ 1,648,000
Capital Reserve	3,637,000	3,374,000	3,379,000	3,379,000	3,400,000
Debt Service	-	-	-	-	-
	\$ 4,849,000	\$ 4,963,000	\$ 5,030,000	\$ 4,815,000	\$ 5,048,000
Fund Reserve	\$ 5,486,613	\$ 3,874,181	\$ 2,049,871	\$ 3,142,947	\$ 1,217,823

CITY OF BLAINE, MINNESOTA

2013 FUND SUMMARY SEWER UTILITY FUND - 602

	2013 Preliminary Budget	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate
BEGINNING FUND RESERVE	\$ 7,957,947	\$ 6,265,823	\$ 5,381,433	\$ 5,107,153	\$ 5,541,183
REVENUES					
Operating Revenues	\$ 4,883,000	\$ 4,927,500	\$ 5,021,500	\$ 5,115,500	\$ 5,219,500
Capital Financing					
Sewer Connection Charges	15,000	15,000	15,000	15,000	15,000
TOTAL REVENUES	\$ 4,898,000	\$ 4,942,500	\$ 5,036,500	\$ 5,130,500	\$ 5,234,500
EXPENDITURES					
Operating					
Personal Services	\$ 333,650	\$ 331,510	\$ 345,850	\$ 361,000	\$ 376,970
Supplies	35,700	36,100	36,700	37,300	37,900
Contractual Services	374,420	273,980	280,230	286,770	293,610
MWCC Disposal Charges	2,927,664	3,074,000	3,227,700	3,389,100	3,558,600
Other	523,390	511,300	529,300	547,300	566,300
Depreciation	900,000	940,000	980,000	1,020,000	1,060,000
Debt Service	-	-	-	-	-
	\$ 5,094,824	\$ 5,166,890	\$ 5,399,780	\$ 5,641,470	\$ 5,893,380
Capital & Infrastructure					
Capital Projects	2,395,300	1,600,000	891,000	75,000	75,000
TOTAL EXPENDITURES	\$ 7,490,124	\$ 6,766,890	\$ 6,290,780	\$ 5,716,470	\$ 5,968,380
Net Addition Fund Balance	\$ (2,592,124)	\$ (1,824,390)	\$ (1,254,280)	\$ (585,970)	\$ (733,880)
FUND BALANCE RESERVE					
Beginning	\$ 7,957,947	\$ 6,265,823	\$ 5,381,433	\$ 5,107,153	\$ 5,541,183
Add Net Income	(2,592,124)	(1,824,390)	(1,254,280)	(585,970)	(733,880)
Add Depreciation	900,000	940,000	980,000	1,020,000	1,060,000
Y/E Fund Balance Reserve	6,265,823	5,381,433	5,107,153	5,541,183	5,867,303
Required Reserve:					
Cash Flow	\$ 1,648,000	\$ 1,457,000	\$ 1,328,000	\$ 1,174,000	\$ 1,227,000
Capital Reserve	3,400,000	3,440,000	3,480,000	3,520,000	3,560,000
Debt Service	-	-	-	-	-
	\$ 5,048,000	\$ 4,897,000	\$ 4,808,000	\$ 4,694,000	\$ 4,787,000
Fund Reserve	\$ 1,217,823	\$ 484,433	\$ 299,153	\$ 847,183	\$ 1,080,303