

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. This reserve is expected to decline by \$163,000 by the end of 2011. The decline in reserves was expected as customer growth has flattened and tipping fees have increased. Tipping fees will continue to increase over the next five years from \$54/ton in 2011 to \$58/ton in 2012, and is expected to reach \$68/ton in 2016. At this point last year, staff informed the Council that the rise in tipping fees would require fee increases beginning in 2012.

The attached 2012 budget recommendation and the five-year budget outlook abide by Council's directive to postpone increasing customer fees until the 2013 budget year. The model reflects a \$1.50/quarter increase in 2013 followed by \$2.00/quarter increases each year from 2014 through 2016. The gradual increase in rates will draw down fund reserve to such a level as to provide operating cash flow as well as a reserve to cover large expense increases due to fuel cost spikes and other unforeseen factors.

CITY OF BLAINE, MINNESOTA

2012 BUDGET SUMMARY SANITATION FUND

	2009 Actual	2010 Actual	2011 Budget	2011 Projected	2012 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,022,972	\$ 1,191,515	\$ 1,197,566	\$ 1,197,566	\$ 1,034,216
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,475,210	\$ 2,515,843	\$ 2,591,500	\$ 2,554,850	\$ 2,590,700
Intergovernmental	39,745	98,863	35,000	92,400	95,000
Interest	15,684	11,796	20,000	16,000	20,000
Total revenues and other sources	2,530,639	2,626,502	2,646,500	2,663,250	2,705,700
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,178,665	2,459,417	2,575,100	2,681,000	2,716,200
Administrative Charges	180,000	153,000	142,000	142,000	142,000
Other services and charges	3,431	8,034	3,800	3,600	3,800
Total expenditures and other uses	2,362,096	2,620,451	2,720,900	2,826,600	2,862,000
Increase (decrease) in fund balance	168,543	6,051	(74,400)	(163,350)	(156,300)
FUND BALANCE AT END OF YEAR	\$ 1,191,515	\$ 1,197,566	\$ 1,123,166	\$ 1,034,216	\$ 877,916

CITY OF BLAINE, MINNESOTA

2012 BUDGET - FIVE-YEAR BUDGET MODEL SANITATION FUND

	2012 Proposed	2013 Estimate	2014 Estimate	2015 Estimate	2016 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,034,216	\$ 877,916	\$ 692,316	\$ 508,116	\$ 329,316
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,590,700	\$ 2,733,600	\$ 2,915,700	\$ 3,101,700	\$ 3,291,600
Intergovernmental	95,000	95,000	95,000	95,000	95,000
Interest	20,000	21,900	17,300	12,700	8,200
Total revenues and other sources	2,705,700	2,850,500	3,028,000	3,209,400	3,394,800
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,716,200	2,888,700	3,063,200	3,237,600	3,381,500
Administrative Charges	142,000	143,600	145,200	146,800	148,400
Other services and charges	3,800	3,800	3,800	3,800	3,800
Total expenditures and other uses	2,862,000	3,036,100	3,212,200	3,388,200	3,533,700
Increase (decrease) in fund balance	(156,300)	(185,600)	(184,200)	(178,800)	(138,900)
FUND BALANCE AT END OF YEAR	\$ 877,916	\$ 692,316	\$ 508,116	\$ 329,316	\$ 190,416