

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 (now Advanced Disposal 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 current 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 2013 the fund reserve declined by roughly \$190,000. The reserve is expected to decline an additional \$90,000 to \$917,000 by the end of 2014. Tipping fees are expected to continue to increase over the next five years, from \$59/ton in 2014 to \$71/ton by 2019.

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. The 2014 budget revised this model, reducing the rate increase to 75 cents per quarter in both 2014 and 2015. The attached budget recommendation confirms the 75 cents per quarter increase in 2015. 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.

CITY OF BLAINE, MINNESOTA

2015 BUDGET - SUMMARY SANITATION FUND

	2012 Actual	2013 Actual	2014 Budget	2014 Projected	2015 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,177,773	\$ 1,080,207	\$ 1,007,375	\$ 1,007,375	\$ 909,955
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,632,527	\$ 2,781,467	\$ 2,905,400	\$ 2,869,900	\$ 2,979,700
Intergovernmental	121,696	171,316	100,000	160,000	160,000
Interest	10,293	(6,027)	19,400	19,600	18,200
Total revenues and other sources	2,764,516	2,946,756	3,024,800	3,049,500	3,157,900
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,720,175	2,861,700	2,965,400	2,997,870	3,168,200
Administrative Charges	130,000	142,000	136,600	136,600	136,300
Other services and charges	11,907	15,888	13,300	12,450	13,300
Total expenditures and other uses	2,862,082	3,019,588	3,115,300	3,146,920	3,317,800
Increase (decrease) in fund balance	(97,566)	(72,832)	(90,500)	(97,420)	(159,900)
FUND BALANCE AT END OF YEAR	\$ 1,080,207	\$ 1,007,375	\$ 916,875	\$ 909,955	\$ 750,055

CITY OF BLAINE, MINNESOTA

2015 BUDGET - FIVE-YEAR MODEL SANITATION FUND

	2015 Proposed	2016 Estimate	2017 Estimate	2018 Estimate	2019 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 909,955	\$ 750,055	\$ 601,455	\$ 480,055	\$ 384,455
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,979,700	\$ 3,140,900	\$ 3,305,500	\$ 3,473,800	\$ 3,645,500
Intergovernmental	160,000	160,000	160,000	160,000	160,000
Interest	18,200	16,900	15,000	12,000	9,600
Total revenues and other sources	3,157,900	3,317,800	3,480,500	3,645,800	3,815,100
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	3,168,200	3,315,300	3,449,300	3,587,300	3,729,500
Administrative Charges	136,300	137,800	139,300	140,800	142,300
Other services and charges	13,300	13,300	13,300	13,300	13,300
Total expenditures and other uses	3,317,800	3,466,400	3,601,900	3,741,400	3,885,100
Increase (decrease) in fund balance	(159,900)	(148,600)	(121,400)	(95,600)	(70,000)
FUND BALANCE AT END OF YEAR	\$ 750,055	\$ 601,455	\$ 480,055	\$ 384,455	\$ 314,455