

Storm Sewer Utility Fund

The City's Storm Sewer Utility Enterprise Fund accounts for the operations of the City's storm drainage system. The fund was created in 2006 as staff began separately accounting for storm drainage activity. Prior to that, storm sewer operations were accounted for in the Sanitary Sewer budget. A storm water utility fee was approved by Council in 2007, and implemented in January 2008. As an enterprise fund, the utility is designed to recover the cost of maintaining the City's storm drainage system, which includes over 100 miles of storm sewer pipes, and almost 80 miles of ditches as well as numerous catch basins, outfalls, manholes, weirs, culverts, and ponds. The system serves roughly 17,000 parcels throughout Blaine. The storm sewer operation functions as a division of the City's Public Services Department under the direction of the Stormwater Manager, and has an authorized staffing level of 5.75 fulltime equivalent (FTE) positions, including 1 Stormwater Manager, ¼ FTE for supervision, 1 Working Foreman, and 3.5 Public Service Workers.

2016 Projections

Revenue collections are projected to reach \$1,260,000, which is slightly less than budgeted, but consistent with a typical year of operations. Operating expenditures are projected to come in under budget by roughly \$46,000; the addition of one Public Service Worker to the staff has led to a decrease in contractual expenses. While \$620,000 in capital projects was planned for 2016, current projections indicate that work totaling \$120,000 will be completed by year-end. A \$400,000 project associated with the Jefferson Street reconstruction was cancelled, and will be replaced by a \$95,000 slip-lining/culvert replacement project currently slated for 2018.

Revenues

Total revenues are expected to increase slightly in the 2017 fiscal year. Charges for service revenues are expected to increase \$12,000 from 2016 projected levels, consistent with increases experienced in recent years. Penalty payments are expected to total \$15,000, and interest earnings are estimated to reach \$21,600.

Expenditures

Budgeted operating expenses in 2017 will increase by \$12,000 over 2016 appropriations. The additional Public Service Worker position approved by budget amendment in early 2016 adds \$81,700 to the budget. Budgeted contractual expenses have been adjusted in order to provide for a multi-year system assessment program. \$50,000 has been budgeted annually for cleaning and inspection of the system. Capital projects totaling \$480,000 include regional ponding at Laddie Lake (\$250,000), extension of the storm pipe at Dunkirk Street to 93rd Ave. (\$75,000), installation of sump structures at Centennial Green pond (\$50,000), and infrastructure work at 89th Ave. behind Toys r Us (\$105,000). The capital equipment budget is set at \$94,500 and consists of \$32,500 for the purchase of a mini loader with necessary attachments, and \$62,000 for the replacement of a one-ton pickup truck with a dump box and plow.

Long-term Outlook

The attached budget model outlines the resources required to operate and maintain the city's storm drainage system over the next five years under the proposed 2017 budget and five-year outlook. The model also shows that the fund will operate at a loss in each year of the five-year period that would require either a rate increase within the next year or two or a re-working of the five-year plan to redistribute capital activity in the outer years' of the plan. Staff will continue to fine-tune the five-year model and will present options, including potential rate adjustment scenarios.

CITY OF BLAINE, MINNESOTA

2017 BUDGET & FIVE-YEAR MODEL STORM DRAINAGE UTILITY FUND - 604

| | 2014 Actual | 2015 Actual | 2016 Budget | 2016 Projected | 2017 Proposed |
|----------------------------------|------------------|------------------|----------------|------------------|------------------|
| BEGINNING FUND RESERVE | \$ 1,105,936 | \$ 1,471,120 | \$ 1,620,540 | \$ 1,620,540 | \$ 1,442,140 |
| REVENUES | | | | | |
| Operating Revenues | \$ 1,156,321 | \$ 1,251,422 | \$ 1,275,200 | \$ 1,260,000 | \$ 1,273,600 |
| TOTAL REVENUES | \$ 1,156,321 | \$ 1,251,422 | \$ 1,275,200 | \$ 1,260,000 | \$ 1,273,600 |
| EXPENDITURES | | | | | |
| Operating | | | | | |
| Personal Services | \$ 368,752 | \$ 455,059 | \$ 458,535 | \$ 520,000 | \$ 580,820 |
| Supplies | 95,895 | 96,173 | 108,500 | 121,600 | 108,500 |
| Contractual Services | 34,709 | 93,262 | 283,800 | 133,510 | 160,250 |
| Other | 189,470 | 189,612 | 197,700 | 227,000 | 196,100 |
| Depreciation | 379,965 | 349,588 | 360,000 | 360,000 | 375,000 |
| | \$ 1,068,791 | \$ 1,183,694 | \$ 1,408,535 | \$ 1,362,110 | \$ 1,420,670 |
| Capital & Infrastructure | | | | | |
| Capital Equipment | 55,319 | 1,084 | 303,500 | 313,290 | 94,500 |
| Capital Projects | 46,992 | 266,812 | 620,000 | 123,000 | 480,000 |
| TOTAL EXPENDITURES | \$ 1,171,102 | \$ 1,451,590 | \$ 2,332,035 | \$ 1,798,400 | \$ 1,995,170 |
| Net Addition Fund Balance | \$ (14,781) | \$ (200,168) | \$ (1,056,835) | \$ (538,400) | \$ (721,570) |
| FUND BALANCE RESERVE | | | | | |
| Beginning | 1,105,936 | 1,471,120 | 1,620,540 | 1,620,540 | 1,442,140 |
| Add Net Income | (14,781) | (200,168) | (1,056,835) | (538,400) | (721,570) |
| Add Depreciation | 379,965 | 349,588 | 360,000 | 360,000 | 375,000 |
| Y/E Fund Balance Reserve | 1,471,120 | 1,620,540 | 923,705 | 1,442,140 | 1,095,570 |
| Required Reserve: | | | | | |
| Cash Flow | \$ 230,000 | \$ 278,000 | \$ 350,000 | \$ 334,000 | \$ 349,000 |
| Capital Reserve | 380,000 | 350,000 | 360,000 | 360,000 | 375,000 |
| Debt Service | - | - | - | - | - |
| | \$ 610,000 | \$ 628,000 | \$ 710,000 | \$ 694,000 | \$ 724,000 |

CITY OF BLAINE, MINNESOTA

2017 BUDGET & FIVE-YEAR MODEL STORM DRAINAGE UTILITY FUND - 604

| | 2017 Proposed | 2018 Estimate | 2019 Estimate | 2020 Estimate | 2021 Estimate |
|----------------------------------|------------------|----------------|----------------|----------------|----------------|
| BEGINNING FUND RESERVE | \$ 1,442,140 | \$ 1,095,570 | \$ 868,240 | \$ 663,150 | \$ 426,210 |
| REVENUES | | | | | |
| Operating Revenues | \$ 1,273,600 | \$ 1,280,400 | \$ 1,289,000 | \$ 1,298,900 | \$ 1,302,000 |
| TOTAL REVENUES | \$ 1,273,600 | \$ 1,280,400 | \$ 1,289,000 | \$ 1,298,900 | \$ 1,302,000 |
| EXPENDITURES | | | | | |
| Operating | | | | | |
| Personal Services | \$ 580,820 | \$ 594,930 | \$ 609,790 | \$ 625,040 | \$ 640,680 |
| Supplies | 108,500 | 110,600 | 112,200 | 113,800 | 115,400 |
| Contractual Services | 160,250 | 161,500 | 161,700 | 161,900 | 162,600 |
| Other | 196,100 | 200,700 | 205,400 | 210,100 | 214,900 |
| Depreciation | 375,000 | 385,000 | 395,000 | 405,000 | 415,000 |
| | \$ 1,420,670 | \$ 1,452,730 | \$ 1,484,090 | \$ 1,515,840 | \$ 1,548,580 |
| Capital & Infrastructure | | | | | |
| Capital Equipment | 94,500 | 55,000 | 55,000 | 55,000 | 55,000 |
| Capital Projects | 480,000 | 385,000 | 350,000 | 370,000 | 300,000 |
| TOTAL EXPENDITURES | \$ 1,995,170 | \$ 1,892,730 | \$ 1,889,090 | \$ 1,940,840 | \$ 1,903,580 |
| Net Addition Fund Balance | \$ (721,570) | \$ (612,330) | \$ (600,090) | \$ (641,940) | \$ (601,580) |
| FUND BALANCE RESERVE | | | | | |
| Beginning | 1,442,140 | 1,095,570 | 868,240 | 663,150 | 426,210 |
| Add Net Income | (721,570) | (612,330) | (600,090) | (641,940) | (601,580) |
| Add Depreciation | 375,000 | 385,000 | 395,000 | 405,000 | 415,000 |
| Y/E Fund Balance Reserve | 1,095,570 | 868,240 | 663,150 | 426,210 | 239,630 |
| Required Reserve: | | | | | |
| Cash Flow | \$ 349,000 | \$ 356,000 | \$ 363,000 | \$ 370,000 | \$ 378,000 |
| Capital Reserve | 375,000 | 385,000 | 395,000 | 405,000 | 415,000 |
| Debt Service | - | - | - | - | - |
| | \$ 724,000 | \$ 741,000 | \$ 758,000 | \$ 775,000 | \$ 793,000 |