

Sanitation Fund

The Sanitation Fund accounts for the city's refuse and recycling program. Walters Recycling and Refuse, Inc. provides refuse collection and recycling services for all Blaine residents. The current contract term, which was extended in 2019, is from January 1, 2016 through June 30, 2024.

Expenditures

The proposed budget for 2022 and the accompanying five-year show a healthy position associated with the business of waste collection and disposal. The terms of the new contract with Walters directs that the basic monthly waste and recycling collection charges per household will increase by 39 cents. This increase, combined with the expectation that the customer base will increase by 250 households, results in budgeted expenses of \$178,560 over 2021 projections. Because of the closure of the Great River Energy facility, collected waste continues to be hauled to a landfill for disposal. Tipping fees at the landfill are expected to increase \$1.75 per ton. As a result, waste disposal expenses are budgeted to increase \$74,000. The more volatile point in the model is in how recyclable material will be disposed, and how much it will cost. The 2021 model assumed a \$ per ton commodity fee of \$37.60, however Walters has been able to sell curbside recyclables and we have an average net year to date revenue of \$16.06 per ton. The updated model assumes a net zero rate of expenditures per ton in 2022. The attached budget document proposes 2022 budgeted expenses of \$4.8 million; a \$126,000 increase over the 2021 budget.

Revenues

Over 96% of the revenue required to operate the Sanitation fund comes from charges for service. Given the increases in expenses as described above and the credits received from recycling commodities, the rates charged to households will not need to be increased for the 2022 budget year. The budget as proposed will result in a projected \$6,800 increase in fund reserves.

Five-Year Outlook

The attached five-year model begins increasing customer fees in 2023 through FY 2026 in order to maintain a healthy fund balance. The model shows an annual increase of \$2.25 cents to the solid waste cart fee charged to residents. Utility bills are issued quarterly. While the fund balance at year's end continues to be healthy, the actual cash/investment balance is nearly zero (negative). In order to cover the true cost of waste and recyclables disposal, as well as restoring the fund's cash position, staff is recommending the schedule of fee adjustments built into the five-year model that follows on the next page.

CITY OF BLAINE, MINNESOTA

2022 BUDGET - Five-Year Model SANITATION FUND

	2021 Budget	2021 Projected	2022 Proposed	2023 Projected	2024 Projected	2025 Projected	2026 Projected
FUND BALANCE AT BEGINNING OF YEAR	\$ 405,374	\$ 405,374	\$ 491,174	\$ 497,974	\$ 483,774	\$ 583,374	\$ 679,574
<u>REVENUES AND OTHER SOURCES</u>							
Charges for services	\$ 4,477,700	\$ 4,585,000	\$ 4,669,500	\$ 4,903,900	\$ 5,278,800	\$ 5,522,800	\$ 5,770,800
Intergovernmental - SCORE	170,000	-	138,000	138,000	138,000	138,000	138,000
Interest	500	500	500	500	500	500	500
Total revenues and other sources	4,648,200	4,585,500	4,808,000	5,042,400	5,417,300	5,661,300	5,909,300
<u>EXPENDITURES AND OTHER USES</u>							
Supplies	2,500	2,000	2,000	2,000	2,000	2,000	2,000
Contractual services	4,459,000	4,273,100	4,579,200	4,829,200	5,085,000	5,354,400	5,645,500
Administrative Charges	156,700	156,700	152,000	155,800	159,700	163,700	167,800
Other services and charges	39,000	42,900	43,000	43,800	44,400	45,000	45,700
Total expenditures and other uses	4,675,400	4,499,700	4,801,200	5,056,600	5,317,700	5,565,100	5,861,000
Increase (decrease) in fund balance	(27,200)	85,800	6,800	(14,200)	99,600	96,200	48,300
FUND BALANCE AT END OF YEAR	\$ 378,174	\$ 491,174	\$ 497,974	\$ 483,774	\$ 583,374	\$ 679,574	\$ 727,874
Model Assumptions:							
Households served (est)	21,645	22,000	22,250	22,500	22,750	23,000	23,250
Quarterly Rate							
38 gal	\$39.00	\$39.00	\$39.00	\$41.25	\$43.50	\$45.75	\$48.00
68 gal	\$49.50	\$49.50	\$49.50	\$51.75	\$54.00	\$56.25	\$58.50
96 gal	\$63.00	\$63.00	\$63.00	\$65.25	\$67.50	\$69.75	\$72.00
Tipping Fee (per ton)	\$62.68	\$62.68	\$64.43	\$66.18	\$68.83	\$71.58	\$74.44
Commodity charge (per ton est)	\$37.60	(\$16.06)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00