

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 \$189,000 by the end of 2012. 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 2012 to \$58/ton in 2013, and is expected to reach \$74/ton in 2017.

The attached budget recommendation and the five-year budget outlook abide by Council's directive, issued in 2012, to postpone increasing customer fees until the 2013 budget year. The model reflects a \$1.50/quarter increase each year from 2013 through 2015, followed by \$2.00/quarter increases in 2016 and 2017. This will allow 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

2013 BUDGET - SUMMARY SANITATION FUND

	2010 Actual	2011 Actual	2012 Budget	2012 Projected	2013 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,191,515	\$ 1,200,825	\$ 1,167,814	\$ 1,167,814	\$ 1,045,974
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,516,843	\$ 2,556,449	\$ 2,590,700	\$ 2,626,360	\$ 2,778,750
Intergovernmental	98,863	115,075	95,000	92,400	95,000
Interest	14,055	17,908	20,000	18,000	20,000
Total revenues and other sources	2,629,761	2,689,432	2,705,700	2,736,760	2,893,750
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,459,417	2,570,303	2,716,200	2,707,530	2,905,500
Administrative Charges	153,000	142,000	142,000	142,000	142,000
Other services and charges	8,034	10,140	3,800	9,070	9,800
Total expenditures and other uses	2,620,451	2,722,443	2,862,000	2,858,600	3,057,300
Increase (decrease) in fund balance	9,310	(33,011)	(156,300)	(121,840)	(163,550)
FUND BALANCE AT END OF YEAR	\$ 1,200,825	\$ 1,167,814	\$ 1,011,514	\$ 1,045,974	\$ 882,424

CITY OF BLAINE, MINNESOTA

2013 BUDGET - FIVE-YEAR MODEL SANITATION FUND

	2013 Proposed	2014 Estimate	2015 Estimate	2016 Estimate	2017 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,045,974	\$ 882,424	\$ 709,374	\$ 517,144	\$ 379,554
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,778,750	\$ 2,934,650	\$ 3,094,070	\$ 3,295,310	\$ 3,501,230
Intergovernmental	95,000	95,000	95,000	95,000	95,000
Interest	20,000	22,100	17,700	12,900	9,500
Total revenues and other sources	2,893,750	3,051,750	3,206,770	3,403,210	3,605,730
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,905,500	3,071,400	3,244,000	3,384,200	3,526,700
Administrative Charges	142,000	143,600	145,200	146,800	148,400
Other services and charges	9,800	9,800	9,800	9,800	9,800
Total expenditures and other uses	3,057,300	3,224,800	3,399,000	3,540,800	3,684,900
Increase (decrease) in fund balance	(163,550)	(173,050)	(192,230)	(137,590)	(79,170)
FUND BALANCE AT END OF YEAR	\$ 882,424	\$ 709,374	\$ 517,144	\$ 379,554	\$ 300,384