

Sanitation Fund

The Sanitation Fund accounts for the City's refuse and recycling program. January 1, 2016, marks the beginning of a new 5½ year contract with Walters Recycling and Refuse, Inc. to provide refuse collection and recycling services for all Blaine residents.

Expenditures

The proposed budget for 2016, and the accompanying five-year model, confronts certain realities associated with the business of waste collection and disposal. The terms of the new contract with Walters dictate that the basic monthly waste collection charges per household will increase by 72 cents. This increase approaches \$1.15 per household when the fuel cost credit, included in the previous contract, is taken into account. In addition, tipping fees are slated to increase by \$11 (17%) per ton from the end of 2015 into 2016. These factors, combined with other administrative costs and operating expenses, result in a budget recommendation of \$3.97 million for FY 2016, a \$660,000 (20%) increase over the 2015 projections.

Revenues

Over 94% of the revenue required to operate the Sanitation fund comes from charges for service. The increase in expenditures budgeted for 2016 will necessitate increases to the charges per household imposed by the City. At the same time, however, drastic increases to customer charges can be mitigated by tapping into the available fund balance. Finance staff is recommending revisions to the rate structure that will begin to draw down the fund balance to a more reasonable target. The attached budget includes a \$1.35 increase per month for 30 and 60 gallon container service, and \$3.35 per month for 90 gallon container service. A reserve draw of \$260,000 will be required to balance the budget

Five-Year Outlook

The attached five-year model resumes a schedule of more gradual increases in customer fees through FY 2020. Fee adjustments ranging from \$0.50-\$2.00 per month (depending on container size) are built into the last four years of the model. The recommended fee adjustments lead to a gradual draw-down of fund reserve to a level that provides operating cash flow, as well as a reserve to cover unforeseen expense increases.

CITY OF BLAINE, MINNESOTA

2016 BUDGET - Five-Year Model
SANITATION FUND

	2013 Actual	2014 Actual	2015 Budget	2015 Projected	2016 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,080,207	\$ 1,007,375	\$ 870,466	\$ 870,466	\$ 697,166
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,781,467	\$ 2,831,175	\$ 2,979,700	\$ 2,956,750	\$ 3,538,900
Intergovernmental	171,316	170,974	160,000	170,000	160,000
Interest	(6,027)	6,367	18,200	10,500	10,500
Total revenues and other sources	2,946,756	3,008,516	3,157,900	3,137,250	3,709,400
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	2,861,700	2,995,872	3,168,200	3,152,150	3,812,300
Administrative Charges	142,000	136,600	136,300	136,300	138,700
Other services and charges	15,888	12,953	13,300	22,100	19,800
Total expenditures and other uses	3,019,588	3,145,425	3,317,800	3,310,550	3,970,800
Increase (decrease) in fund balance	(72,832)	(136,909)	(159,900)	(173,300)	(261,400)
FUND BALANCE AT END OF YEAR	\$ 1,007,375	\$ 870,466	\$ 710,566	\$ 697,166	\$ 435,766

CITY OF BLAINE, MINNESOTA

2016 BUDGET - Five-Year Model
SANITATION FUND

	2016 Proposed	2017 Estimate	2018 Estimate	2019 Estimate	2020 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 697,166	\$ 435,766	\$ 382,766	\$ 360,766	\$ 350,666
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 3,538,900	\$ 3,906,700	\$ 4,098,700	\$ 4,276,200	\$ 4,456,100
Intergovernmental	160,000	160,000	160,000	160,000	160,000
Interest	10,500	6,500	5,700	5,400	5,300
Total revenues and other sources	3,709,400	4,073,200	4,264,400	4,441,600	4,621,400
<u>EXPENDITURES AND OTHER USES</u>					
Contractual services	3,812,300	3,965,000	4,122,700	4,285,500	4,453,700
Administrative Charges	138,700	141,100	143,600	146,100	148,700
Other services and charges	19,800	20,100	20,100	20,100	20,100
Total expenditures and other uses	3,970,800	4,126,200	4,286,400	4,451,700	4,622,500
Increase (decrease) in fund balance	(261,400)	(53,000)	(22,000)	(10,100)	(1,100)
FUND BALANCE AT END OF YEAR	\$ 435,766	\$ 382,766	\$ 360,766	\$ 350,666	\$ 349,566