

Sanitation Fund

The Sanitation Fund accounts for the City's refuse and recycling program. January 1, 2016, marked 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 2017, 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 33 cents. In addition, tipping fees are slated to increase by \$2 per ton in 2017, sometime around July 1. These factors combined with other administrative costs and operating expenses, result in a budget recommendation of \$4.05 million for FY 2017, a \$100,000 (2.5%) increase over the 2016 projections.

Revenues

Over 95% of the revenue required to operate the Sanitation fund comes from charges for service. The increase in expenditures budgeted for 2017 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 available fund reserves. 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 no monthly increase for 30 and 60 gallon container service, but does include a \$1 per month increase for 90 gallon container service. A reserve draw of \$56,000 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 2021. Fee adjustments ranging from \$0.50-\$1.00 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

2017 BUDGET - Five-Year Model SANITATION FUND

	2014 Actual	2015 Actual	2016 Budget	2016 Projected	2017 Proposed
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,007,375	\$ 870,466	\$ 733,502	\$ 733,502	\$ 497,392
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 2,831,175	\$ 3,027,897	\$ 3,538,900	\$ 3,557,500	\$ 3,813,100
Intergovernmental - SCORE	170,974	174,206	160,000	174,000	174,000
Interest	6,367	3,417	11,000	3,600	7,500
Total revenues and other sources	3,008,516	3,205,520	3,709,900	3,735,100	3,994,600
<u>EXPENDITURES AND OTHER USES</u>					
Supplies	-	-	-	21,000	-
Contractual services	2,995,872	3,181,230	3,812,300	3,766,800	3,893,900
Administrative Charges	136,600	136,300	138,700	138,700	138,800
Other services and charges	12,953	24,954	19,800	44,710	17,800
Total expenditures and other uses	3,145,425	3,342,484	3,970,800	3,971,210	4,050,500
Increase (decrease) in fund balance	(136,909)	(136,964)	(260,900)	(236,110)	(55,900)
FUND BALANCE AT END OF YEAR	\$ 870,466	\$ 733,502	\$ 472,602	\$ 497,392	\$ 441,492

CITY OF BLAINE, MINNESOTA

2017 BUDGET - Five-Year Model SANITATION FUND

	2017 Proposed	2018 Estimate	2019 Estimate	2020 Estimate	2021 Estimate
FUND BALANCE AT BEGINNING OF YEAR	\$ 497,392	\$ 441,492	\$ 397,092	\$ 391,792	\$ 380,592
<u>REVENUES AND OTHER SOURCES</u>					
Charges for services	\$ 3,813,100	\$ 3,974,200	\$ 4,163,700	\$ 4,320,000	\$ 4,501,500
Intergovernmental - SCORE	174,000	174,000	174,000	174,000	174,000
Interest	7,500	6,600	6,000	5,900	5,700
Total revenues and other sources	3,994,600	4,154,800	4,343,700	4,499,900	4,681,200
<u>EXPENDITURES AND OTHER USES</u>					
Supplies	-	-	-		
Contractual services	3,893,900	4,040,200	4,187,000	4,346,600	4,482,800
Administrative Charges	138,800	141,200	143,700	146,200	148,800
Other services and charges	17,800	17,800	18,300	18,300	18,850
Total expenditures and other uses	4,050,500	4,199,200	4,349,000	4,511,100	4,650,450
Increase (decrease) in fund balance	(55,900)	(44,400)	(5,300)	(11,200)	30,750
FUND BALANCE AT END OF YEAR	\$ 441,492	\$ 397,092	\$ 391,792	\$ 380,592	\$ 411,342