

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 2018 and the accompanying five-year model both confront 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 34 cents. Tipping fees are slated to stay at \$75 per ton in 2018, but are anticipated to resume increasing through the remainder of the five year model. These factors combined with other administrative costs and operating expenses, result in a budget recommendation of \$4.14 million for FY 2018, a \$100,000 (3.8%) increase over the 2017 projections.

Revenues

Over 95% of the revenue required to operate the Sanitation fund comes from charges for service. The increase in expenditures budgeted for 2018 will require an increase in 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. The attached budget includes a 50¢ monthly increase for all three service levels. A reserve draw of \$67,100 will be required to balance the budget.

Five-Year Outlook

The attached five-year model continues a schedule of increasing customer fees through FY 2022. Fee adjustments ranging from \$0.50-\$1.00 per month (depending on container size) are built into the last four years of the model. Recent analysis by Utility Billing staff has revealed that the rates charged for 38 and 68 gallon services are insufficient to cover the cost of the service. In addition, 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 more of the true cost of waste disposal at all three service levels, as well as restoring the fund's cash position, staff is recommending higher fee adjustments over the five-year model.

2018 BUDGET - Five-Year Model
SANITATION FUND

	2014 Actual	2015 Actual	2016 Actual	2017 Projected	2018 Proposed	2019 Estimated	2020 Estimated	2021 Estimated	2022 Estimated
FUND BALANCE AT BEGINNING OF YEAR	\$ 1,007,376	\$ 870,466	\$ 733,503	\$ 638,662	\$ 595,362	\$ 528,262	\$ 530,062	\$ 568,662	\$ 631,862
<u>REVENUES AND OTHER SOURCES</u>									
Charges for services	\$ 2,831,175	\$ 3,027,897	\$ 3,688,967	\$ 3,761,000	\$ 3,890,300	\$ 4,168,500	\$ 4,382,300	\$ 4,574,500	\$ 4,791,700
Intergovernmental - SCORE	170,974	174,206	178,129	174,500	175,000	175,000	175,000	175,000	175,000
Interest	6,367	3,417	319	3,600	7,400	6,600	6,600	7,100	7,900
Total revenues and other sources	3,008,515	3,205,521	3,867,414	3,943,300	4,072,700	4,350,100	4,563,900	4,756,600	4,974,600
<u>EXPENDITURES AND OTHER USES</u>									
Supplies	-	-	20,996	1,500	5,000	5,000	5,000	5,000	5,000
Contractual services	2,995,872	3,181,230	3,770,242	3,828,700	3,963,600	4,169,500	4,343,400	4,508,800	4,679,200
Administrative Charges	136,600	136,300	138,700	138,800	145,900	148,500	151,100	153,800	156,500
Other services and charges	12,953	24,954	32,317	17,600	25,300	25,300	25,800	25,800	26,350
Total expenditures and other uses	3,145,425	3,342,484	3,962,255	3,986,600	4,139,800	4,348,300	4,525,300	4,693,400	4,867,050
Increase (decrease) in fund balance	(136,910)	(136,963)	(94,841)	(43,300)	(67,100)	1,800	38,600	63,200	107,550
FUND BALANCE AT END OF YEAR	\$ 870,466	\$ 733,503	\$ 638,662	\$ 595,362	\$ 528,262	\$ 530,062	\$ 568,662	\$ 631,862	\$ 739,412