

## **Storm Sewer Utility Fund**

The City's Storm Sewer Utility Enterprise Fund accounts for the operations of the City's storm drainage system. The fund was created in 2006 as staff began separately accounting for storm drainage activity. Prior to that, storm sewer operations were accounted for in the Sanitary Sewer budget. A storm water utility fee was approved by Council in 2007, and implemented in January 2008. As an enterprise fund, the utility is designed to recover the cost of maintaining the City's storm drainage system, which includes over 100 miles of storm sewer pipes, and almost 80 miles of ditches as well as numerous catch basins, outfalls, manholes, weirs, culverts, and ponds. The system serves roughly 20,300 parcels throughout Blaine. The storm sewer operation functions as a division of the City's Public Services Department under the direction of the Stormwater Manager, and has an authorized staffing level of 5.75 fulltime equivalent (FTE) positions, including 1 Stormwater Manager, ¼ FTE for supervision, 1 Working Foreman, and 3.5 Public Service Workers.

### **2017 Projections**

Revenue collections are projected to reach \$1,292,000, which is slightly more than budgeted. Operating expenditures are projected to come in under budget by almost \$100,000. Plans to undertake a \$50,000 per year pond maintenance program, and a \$50,000 per year system assessment program, have both been deferred until 2018. Capital projects totaling \$200,000 will also be deferred to 2018.

### **Revenues**

Total revenues are expected to increase slightly in the 2018 fiscal year. Charges for service revenues are expected to increase \$20,000 from 2017 projected levels, consistent with increases experienced in recent years. Penalty payments are expected to total \$15,000, and interest earnings are estimated to reach \$19,000.

### **Expenditures**

Budgeted operating expenses in 2018 will increase by \$66,000 over 2017 appropriations. Personal services are increasing nearly \$17,000 due to cost of living adjustments and step increases. For the first time in 2018 the city will incur \$15,000 in expenses to screen, and dispose of street sweepings. Administrative charges (reimbursement to the General Fund) are increased \$6,000, and depreciation is increased \$14,000. Capital projects totaling \$380,000 include design and engineering work associated with the Laddie Lake regional ponding project (\$50,000), reconstruction of culvert structures along Jefferson St (\$95,000), infrastructure work at 89<sup>th</sup> Ave. behind Toys r Us (\$105,000), and other infrastructure improvements elsewhere in the system (\$130,000). The capital equipment budget is set at \$50,000 and consists of \$37,000 for the replacement of the foreman's vehicle, \$10,000 for the trade-in of a Bobcat loader, and \$3,000 for the replacement of a mortar mixer.

As stated above, 2018 will be the first year that the city will incur expenses to dispose of street sweepings. Through 2017 the City could dispose of the sweepings at the National Sports Center, at no cost; that option will no longer be available. In addition to the \$15,000 annual allocation, the five-year budget includes a \$160,000 appropriation in 2020 for equipment to screen/process sweepings prior to disposal. This appropriation could ultimately be removed if the disposal program in 2018-19 proves to be successful.

**Long-term Outlook**

The attached budget model outlines the resources required to operate and maintain the city's storm drainage system over the next five years under the proposed 2018 budget and five-year outlook. The model also shows that the fund will operate at a loss in each year of the five-year period that would require either a rate increase within the next year or two or a re-working of the five-year plan to redistribute capital activity in the outer years' of the plan. Staff will continue to fine-tune the five-year model and will present options, including potential rate adjustment scenarios.

# CITY OF BLAINE, MINNESOTA

## 2018 BUDGET & FIVE-YEAR MODEL STORM DRAINAGE UTILITY FUND - 604

|                                    | 2016 Actual      | 2017 Budget      | 2017<br>Projected | 2018<br>Proposed | 2019<br>Estimate | 2020<br>Estimate | 2021<br>Estimate | 2022<br>Estimate |
|------------------------------------|------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| <b>BEGINNING FUND RESERVE</b>      | \$ 1,515,404     | \$ 1,542,827     | \$ 1,542,827      | \$ 1,539,387     | \$ 1,330,807     | \$ 797,997       | \$ 435,957       | \$ 297,647       |
| <b><u>REVENUES</u></b>             |                  |                  |                   |                  |                  |                  |                  |                  |
| Operating Revenues                 | \$ 1,260,128     | \$ 1,273,600     | \$ 1,292,000      | \$ 1,308,000     | \$ 1,327,000     | \$ 1,341,000     | \$ 1,358,000     | \$ 1,379,000     |
| <b>TOTAL REVENUES</b>              | \$ 1,260,128     | \$ 1,273,600     | \$ 1,292,000      | \$ 1,308,000     | \$ 1,327,000     | \$ 1,341,000     | \$ 1,358,000     | \$ 1,379,000     |
| <b><u>EXPENDITURES</u></b>         |                  |                  |                   |                  |                  |                  |                  |                  |
| Operating                          |                  |                  |                   |                  |                  |                  |                  |                  |
| Personal Services                  | \$ 524,762       | \$ 580,820       | \$ 578,120        | \$ 597,680       | \$ 615,360       | \$ 631,490       | \$ 648,060       | \$ 665,080       |
| Supplies                           | 97,809           | 108,500          | 99,110            | 108,750          | 110,600          | 112,200          | 113,800          | 115,400          |
| Contractual Services               | 82,548           | 160,250          | 63,770            | 178,750          | 176,950          | 167,650          | 167,850          | 168,050          |
| Other                              | 212,378          | 196,100          | 195,980           | 201,400          | 206,900          | 211,700          | 216,600          | 221,600          |
| Depreciation                       | 380,749          | 375,000          | 385,000           | 400,000          | 415,000          | 423,000          | 431,000          | 440,000          |
|                                    | \$ 1,298,246     | \$ 1,420,670     | \$ 1,321,980      | \$ 1,486,580     | \$ 1,524,810     | \$ 1,546,040     | \$ 1,577,310     | \$ 1,610,130     |
| Capital & Infrastructure           |                  |                  |                   |                  |                  |                  |                  |                  |
| Capital Equipment                  | 313,290          | 94,500           | 90,670            | 50,000           | 50,000           | 50,000           | 50,000           | 50,000           |
| Capital Projects                   | 1,918            | 480,000          | 267,790           | 380,000          | 700,000          | 530,000          | 300,000          | 300,000          |
| <b>TOTAL EXPENDITURES</b>          | \$ 1,613,454     | \$ 1,995,170     | \$ 1,680,440      | \$ 1,916,580     | \$ 2,274,810     | \$ 2,126,040     | \$ 1,927,310     | \$ 1,960,130     |
| <b>Net Addition Fund Balance</b>   | \$ (353,326)     | \$ (721,570)     | \$ (388,440)      | \$ (608,580)     | \$ (947,810)     | \$ (785,040)     | \$ (569,310)     | \$ (581,130)     |
| <b><u>FUND BALANCE RESERVE</u></b> |                  |                  |                   |                  |                  |                  |                  |                  |
| Beginning                          | 1,515,404        | 1,542,827        | 1,542,827         | 1,539,387        | 1,330,807        | 797,997          | 435,957          | 297,647          |
| Add Net Income                     | (353,326)        | (721,570)        | (388,440)         | (608,580)        | (947,810)        | (785,040)        | (569,310)        | (581,130)        |
| Add Depreciation                   | 380,749          | 375,000          | 385,000           | 400,000          | 415,000          | 423,000          | 431,000          | 440,000          |
| <b>Y/E Fund Balance Reserve</b>    | <b>1,542,827</b> | <b>1,196,257</b> | <b>1,539,387</b>  | <b>1,330,807</b> | <b>797,997</b>   | <b>435,957</b>   | <b>297,647</b>   | <b>156,517</b>   |
| <b>Required Reserve:</b>           |                  |                  |                   |                  |                  |                  |                  |                  |
| Cash Flow                          | \$ 306,000       | \$ 349,000       | \$ 312,000        | \$ 362,000       | \$ 370,000       | \$ 374,000       | \$ 382,000       | \$ 390,000       |
| Capital Reserve                    | 381,000          | 375,000          | 385,000           | 400,000          | 415,000          | 423,000          | 431,000          | 440,000          |
| Debt Service                       | -                | -                | -                 | -                | -                | -                | -                | -                |
|                                    | \$ 687,000       | \$ 724,000       | \$ 697,000        | \$ 762,000       | \$ 785,000       | \$ 797,000       | \$ 813,000       | \$ 830,000       |